MARKETING &
MEDIA Decisions
SPECIAL ISSUE

C2950-3 10/12/83

MEDIA COSTS +9.4%

Long term trends.
Budgeting counsel.
Production costs.
Cost outlook for
magazines, newspapers,
net tv, spot tv,
business press,
net radio, spot radio,
outdoor, cable
and syndication.

Featuring
13th annual
forecast

COIM 01552431 V 2 80
JOURNAL OF CONGRESSIONAL
CONGRESSIONAL HWY
4926 OEO
VANDERBILT UNIV
00 #20814 MT
UTD

CONTENTS

MEDIA COSTS ISSUE

Media Cost Forecast for 84
Media unit costs for the average national advertiser will rise 9.4% in calendar year 1984. Panel predicts rises in unit costs and cpm's in ten major national media.

PAGE **25**

Cost Trends 1975-1983

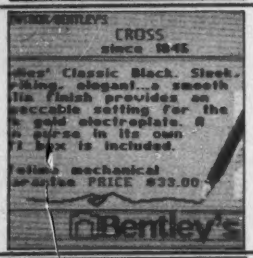
UNIT COST TRENDS			
1975	100	100	100
1976	117	109	127
1977	146	138	134
1978	162	155	137
1979	177	174	157
1980	200	204	175
1981	206	208	184
1982	225	241	191
1983 (est)	243	252	204

Track Record in Media Costs
The experts at Ted Bates prepared this index of costs in nine major national media from 1970 to 1983. Mediaflation continues, but the cpm, price index comparison holds true.

PAGE **33**

Comparative Look at Magazine Costs
Magazine consultant Jim Kobak studies the rate forecast rise, compares magazine rates with those of the other media.

PAGE **41**



Cost Preview of Teletext and Videotex
These new media forms are still in the blueprint stage, but early soundings indicate substantial start-up costs may be in the offing.

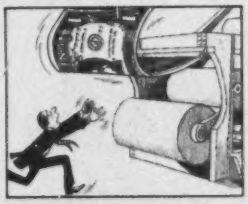
PAGE **49**

What Cost Cable?
Advertisers and agencies alike are still seeking an accurate measurement of "the new medium" and cost effective national and regional penetration. These questions remain as HUC levels pass 40%.

PAGE **55**

MARKETING & MEDIA DECISIONS (ISSN0195-4296) FALL 1983, Vol. 18, No. 11 Copyright © 1983. Decisions Publications Inc. Published 14 times. Executive, editorial, circulation and advertising offices at 1140 Ave. of Americas, New York, N.Y. 10036 (212) 391-2155. **Available** without charge to those personally involved in media decisions at major agencies and advertiser companies. For others, subscription prices are: U.S.A. $40 for 14 issues. Canada $50. Overseas $52 (surface mail). Airmail — add $52. Single copy $3.00. All overseas copies are paid. Second-class alternative B postage paid at Burlington, Vt. **Postmaster:** Send form 3579 to Marketing & Media Decisions, 1140 Ave. of Americas, New York, N.Y. 10036.

CONTENTS
(from 1)



Print Production Costs Hold Firm
A pivotal and crucial area for magazine and newspaper publishers, who must pass along production costs to their customers are working to keep the lid on.

PAGE **61**

Getting the Best from Newspapers
Higher costs will be offset in 1984 by the efficiences of SAU's, and what many agency media directors perceive as the improved quality of most editorial products.

PAGE **69**

Network Costs Lead the Pack
Erosion may be setting in, but cost increases continue to germinate. The reasons for the rising prices are outlined.

PAGE **77**

Syndie Costs are Rising
Cost relief is no longer a syndicator away. Reports show that, as independent stations gain audience, costs are rising to meet those of the network affiliates.

PAGE **81**

Agencies Look at Commercial Costs
Commercial production costs are being monitored more and more by the agencies, on behalf of their clients.

PAGE **85**

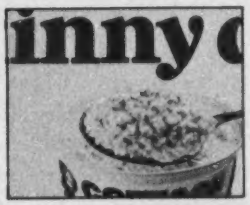
I've Got the Price Right Here
Setting prices for spot tv has been likened to the spontaneous bargaining at an Arabian bazaar. The report examines the process.

PAGE **89**

When Cost Dictates Papers or Mags
Not a comparison but a situation call that dictates when media buyers will use magazines and when they will use newspapers.

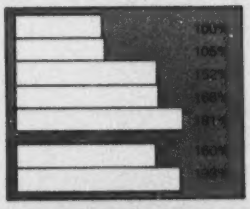
PAGE **93**

CONTENTS
(from 4)



The Cost Outdoors
Rates are forecast at a 9.8% hike for the outdoor medium. Whether as a supporting arm or as a continuing campaign vehicle, outdoor makes its case for constant use.

PAGE **102**



The Cost Efficient Medium?
Radio has been talking about the economic way it spends advertiser dollars. There are some cases in point.

PAGE **108**

The Cost of Learning
There are many new media coming on the national scene that defy measurement, force professionals to learn their nature and make a cost effective judgment.

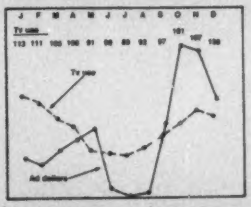
PAGE **113**

Cost Trends in Commercial Production — Last of the Big Spenders/Big Savers
Why do certain advertisers continue to authorize six-figure commercial production budgets? Why are others opting for out-of-New York directors.

PAGE **117**

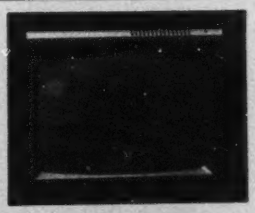
How Big Advertisers Budget
Report of how largest categories of consumer advertisers allocate ad dollars. Based on *Decisions'* Top 200 Advertised Brands report.

PAGE **123**



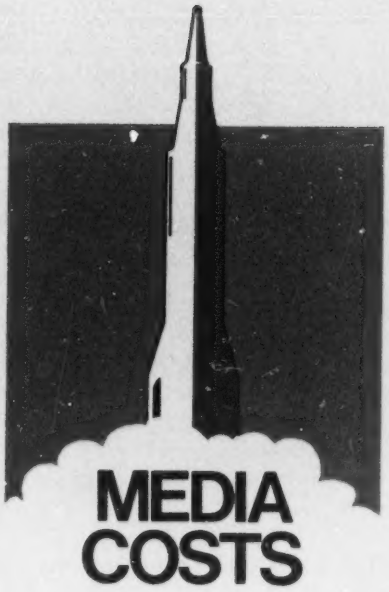
Budgeting for All Seasons
Variations in budgeting include two aspects of seasonality: (1) when ad budgets are prepared and set, (2) time of the year when advertisers load up in tv, newspapers, radio and magazines.

PAGE **132**



Client's View of Network TV
Off-the record survey among leading network tv advertisers reveals they're as dedicated as ever to the medium in 1983-84 despite rate hikes.

PAGE **133**



Media cost in 1984 will jump another 9.4%

13th annual *Decisions* Forecast of Media Cost shows audience growth stymied, but media raising rates boldly — from +7.3% to +10.9%. Costs since 1970 have skyrocketed by 227%. Search intensifies for alternatives to highest cost media.

Media cost for the average national advertiser will rise 9.4% in 1984.

That's how much advertisers will have to increase their dollar expenditures in the next calendar year in order to buy the same media units they purchased this year.

Because there will be virtually no increase in audience for the average advertiser's media mix in 1984 vs. 1983, cost per thousand also will rise by 9.4%.

These are the top-line findings in *Decisions'* 13th annual Media Cost Forecast. It is based on off-the-record estimates furnished by a panel of top agency media directors.

This lifts the longterm index of media cost (with index 100 for 1970) to an index figure of 327. In other words, media costs have skyrocketed by 227% since 1970.

Each of ten major media covered in the forecast will advance in price considerably next year — with the most modest increase, that for business publications, at +7.3%. The greatest jump expected will be in spot tv, +10.9%. Consumer magazines and network radio are about midway in this inflationary spectrum at +9.0% each.

The overall increase is close to what national advertisers had to stomach this year — an increase of 9.1% in units and 9.6% in cpm's.

The accuracy of the forecast continues to hold up reasonably well. Unit cost increases in 1983 as currently reported by the panel compared to the panel's estimates for the 10 media that we published last year follow.

The accompanying tables and charts show the average estimate for each medium made by our panel of distinguished media experts. This includes their estimates of changes in unit cost and in cpm's for each medium. It also displays the range in forecast in each case made by individual panelists. The range in some cases is quite wide, indicating great difference in experiences of individual buyers. The details are furnished in tabular form both for the estimate of changes expected in calendar year 1984 and for the actual changes experienced in year 1983.

Highlights for individual media are as follows:

Night network tv costs have in recent years led the pack in cost hikes. But not this year. Advertising agency people have been tracking the inroads made in audience by cable, the independents and the array of new devices for use of the tv screen for playing games watching cassette-originated entertainment, etc. The panel places unit cost increase in 1984 at +9.6%, audience loss at -1.9% and cpm increase at 11.5%.

This view is right in line with a report in the August issue of *Decisions* based on telephone interviews with 25 leading net tv advertisers. The company-side executives responsible for over $2 billion in net tv advertising said they expect nighttime net tv costs in 1984 to go up 10%. On a cpm basis, the agency people predict higher rise.

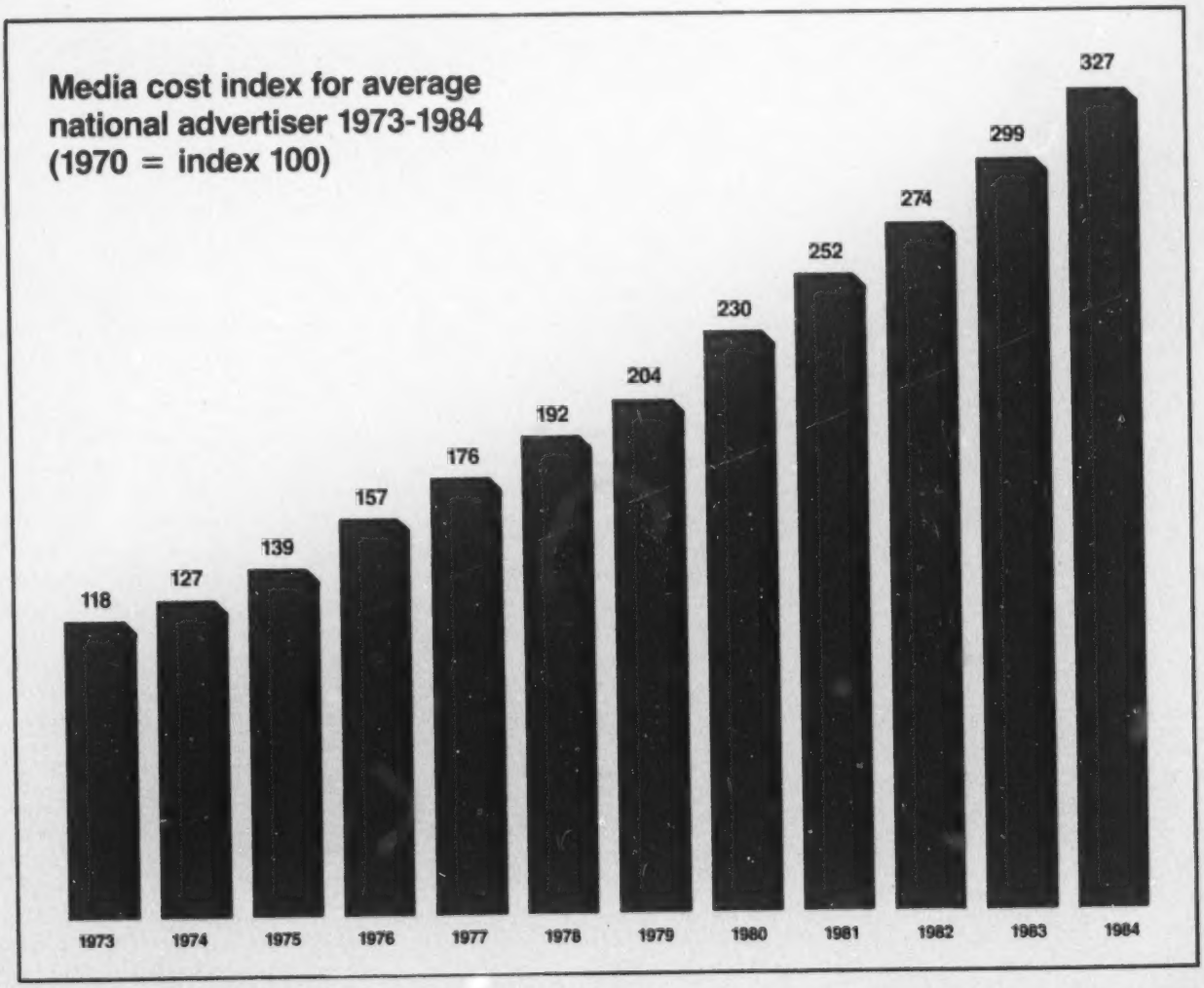
Day network tv costs are expected to go up 8.1% in unit costs in 1984 — about the same as the cost increase in daytime tv this year. The previous survey among big users of network tv disclosed that a favorite alternative to advertisers trying to escape high nighttime tv prices is daytime. We wouldn't be surprised to see day net rise more than 8.1% in unit cost and +8.4% in cpm's.

Spot tv will also benefit greatly in the year ahead as an alternative to network. This added strength for spot tv is reflected in the forecast of a unit cost hike of 10.9% in 1984, the highest of any medium. With the panel predicting no change in audience for spot, this also brings up a 10.9% increase in cpm in the panel's estimation.

Network radio's strength continues. Several tv advertisers have tried switching dollars into network radio in order to keep costs in line — and results have been positive. This use of net radio as an alternative medium will doubtless continue in 1984 — and the nets will probably get a healthy 9.0% in prices, the panel predicts.

Spot radio will also raise rates slightly less than net radio. Prices are due to rise 8.7% in 1984 — considerably more than the 7.5% price rise spot radio is getting in 1983. Audience for this medium is expected to continue to increase, which helps put the cpm rise at a relatively low 8.0%.

Consumer magazines are enjoying some good years. The publishers were confident enough in 1983 to raise rates 9.2% — and they're going to up them



SUPER
SUPER
SUPER

A
SUPER
Newspaper in a
SUPER
Market
THE
TAMPA
TRIBUNE

Reach more
Sales
Producing
Prospects
With
Tampa Bay's
QUALITY BUY...

Find out why The Tampa Tribune...is the quality buy in the Tampa Bay market. Just send us your business card and we'll mail you our latest market brief, "The Quality Buy."

Contact:
Byron Taggart, General Advertising Mgr. c/o
The Tampa Tribune P.O. Box 191 Tampa, Fl.
33601 (813) 272-7447

THE
TAMPA TRIBUNE
Morning and Sunday

The Quality Buy

Represented by Sawyer Ferguson Walker
Source: SMRB, Survey of Buying Power,
July, 1982

Site of the 1984
SUPER
BOWL!

Media cost rises in calendar year 1983 vs. 1982

Average increases	Unit cost	Audience	Cpm
Nighttime network tv	+10.3%	+0.2%	+10.1%
Daytime network tv	+ 8.4%	−0.8%	+ 9.2%
Spot tv	+ 8.1%	+0.3%	+ 7.8%
Network radio	+ 7.8%	+1.0%	+ 6.8%
Spot radio	+ 7.5%	+0.7%	+ 6.8%
Consumer magazines	+ 9.2%	+0.3%	+ 8.9%
Sunday supps	+ 8.1%	−0.2%	+ 8.3%
Daily newspapers	+ 9.9%	+0.6%	+ 9.3%
Outdoor posters	+ 8.7%	+1.2%	+ 7.5%
Business publications	+ 8.0%	+0.1%	+ 7.9%

Range in forecasts (the highs and lows)			
Nighttime network tv	+7/14%	+1/−3%	+1/16%
Daytime network tv	+2/12%	±0/−1%	+6/14%
Spot tv	+4/12%	+2/−1%	+5/10%
Network radio	+4/12%	±0/+2%	+2/11%
Spot radio	+6/10%	±0/+2%	+4/10%
Consumer magazines	+8/11%	+1/−1%	+6/10%
Sunday supps	+6/10%	+1/−1%	+6/10%
Daily newspapers	+7/20%	+1/−1%	+7/11%
Outdoor posters	+8/10%	±0/+2%	+5/9%
Business publications	+6/10%	±0/+1%	+7/10%

Anticipated media cost rises in calendar year 1984 vs. 1983

Average increases	Unit cost	Audience	Cpm
Nighttime network tv	+ 9.6%	−1.9%	+11.5%
Daytime network tv	+ 8.1%	−0.3%	+ 8.4%
Spot tv	+10.9%	± 0%	+10.9%
Network radio	+ 9.0%	−0.8%	+ 9.8%
Spot radio	+ 8.7%	+0.7%	+ 8.0%
Consumer magazines	+ 9.0%	+0.5%	+ 8.5%
Sunday supps	+ 7.9%	+0.1%	+ 7.8%
Daily newspapers	+ 9.3%	−0.2%	+ 9.5%
Outdoor posters	+ 9.8%	+2.4%	+ 7.4%
Business publications	+ 7.3%	+0.5%	+ 6.8%

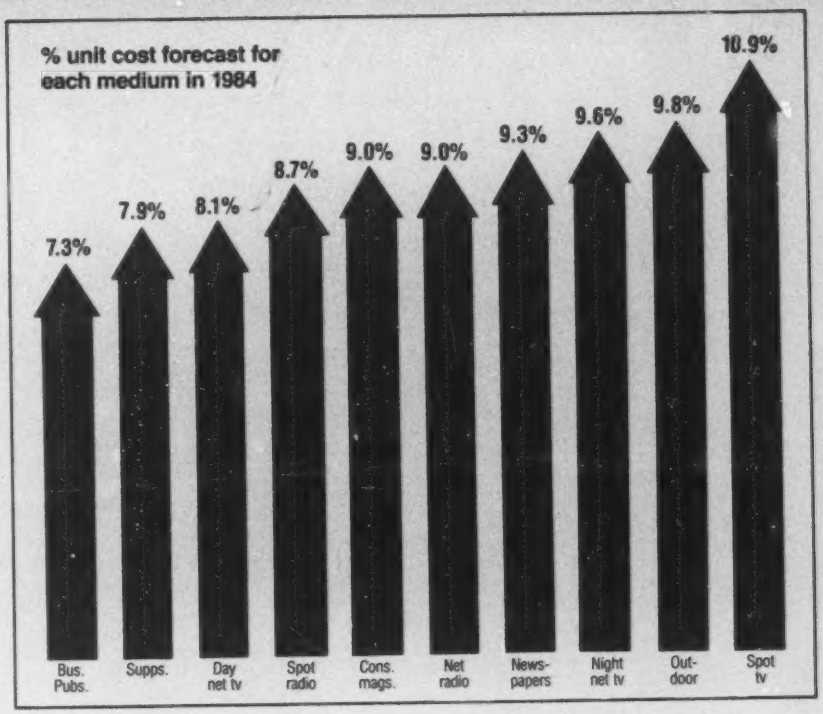
Range in forecasts (the highs and lows)			
Nighttime network tv	+7/12%	±0/−4%	+7/+15%
Daytime network tv	+5/15%	+1/−3%	+6/+13%
Spot tv	+8/15%	+2/−1%	+8/+15%
Network radio	+5/12%	+2/−13%	+4/+24%
Spot radio	+7/12%	±0/+2%	+6/+11%
Consumer magazines	+7/13%	±0/+3%	+6/+12%
Sunday supps	+6/10%	+1/−1%	+6/+10%
Daily newspapers	+6/15%	±0/−1%	+7/+18%
Outdoor posters	+5/25%	±0/+5%	+5/+10%
Business publications	+7/10%	±0/+2%	+6/+10%

again by 9.0% in 1984. Slight expansion of audiences will keep the cpm rise down to +8.5%.

Sunday supps, the panelists believe, will lag behind consumer magazines in their pricing in 1984. The increase will be a very low 7.9% in units and 7.8% in cpm's.

Daily newspapers continue strong in spite of no overall increase in audience in the prediction for 1984. Unit costs, say the panelists, will rise 9.3% and cpm's will rise 9.5%.

Outdoor posters are credited by the panelists as building a good audience increase next year — up 2.4%. The mobility of Americans continues to be high and new panel construction includes more lighting, better locations and more backlighting. The forecast: +9.8% in prices and +7.4% in cpm's.



Business publications are expected to post the most modest price rises of all the media — plus 7.3% in units and plus 6.8% in cpm's.

The longterm trend charts for media pricing published elsewhere in this issue do not include a track record for business publications. We have developed such a record and extend it to include the forecast for 1984.

Conclusions

Several of the panelists offered additional off-the-record comments. Said an agencyman who believes the price spiral revolves around prime time tv pricing: "There will be continued audience erosion in prime time (-3%), somewhat less in daytime tv and spot tv (-1%). Costs will continue to outstrip inflation, but large advertiser shifts away from prime time will keep unit prices below +10%. Up-front buying guarantees prime prices. Daytime also keeps *average* unit prices from double digit increases, even though demand may be strong."

Adds an agencyman in the South: "Some buyers seem to believe that network television prices will accelerate rapidly — partly due to improved economy and partly due to reduced inventory (election, Olympics). I disagree. I think many national advertisers are beginning to feel comfortable with alternative media like cable and network radio — and will resist pressure for network tv increases."

Says a New Yorker: "We anticipate a slowing of the rate of increase in television — both network and spot. We anticipate less of a unit cost and cpm increase in all media with the exception of the daily newspapers. Newspapers continue to put through rate increases at higher levels than most other media. We also put through rate increases at higher levels than most other media. We also anticipate a reduction in the audience loss of television. The tv audience seems to be stabilizing or at least declining at a reduced rate. There are two reasons for this: (1) better programing between networks, particularly in the area of specials and mini-series; (2) a disenchantment on the part of cable viewers in the programing presented on cable channels."

Says a Midwesterner: "Our experience this year in broadcast demonstrated that timing was a key factor. The up-front network market was exceedingly high while later prices were below the up-front ones. In spot, we had much success buying longterm during fourth quarter of 1982. In 1984, timing will again be the key to pricing."

Carroll Swan

Green Bay Press-Gazette 1st in Metro Area Coverage in Wisconsin

Newspaper (e & S)	Home SMA Coverage* Eve.	Sun.
GREEN BAY PRESS-GAZETTE	74.7%	77.6%
Appleton Post-Crescent	43.9	50.4
Madison Newspapers	24.1	63.0
Milwaukee Journal	54.8	73.0

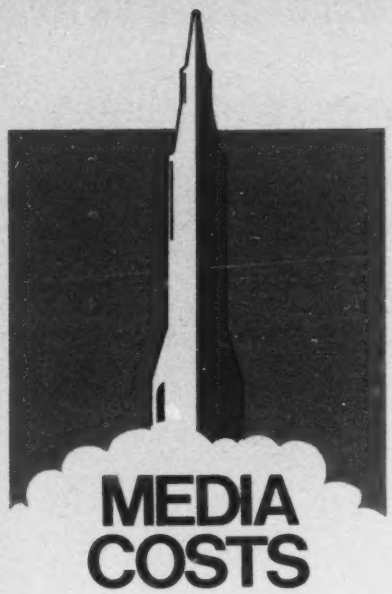
The Green Bay Press-Gazette nationally ranks 2nd in evening and 4th in Sunday Metro Area penetration.

GREEN BAY PRESS-GAZETTE

56,000 evening 72,000 Sunday

Represented by Gannett Newspaper Advertising sales.

* 1982-83 SRDS NCA



The return of media inflation

The Media Information and Analysis Division, headed up by Ted Bates, Inc. vp Fred Brandt, reports that media inflation, the nemesis that abated somewhat during 1980-81, only to re-emerge last year, is, unfortunately still with us. The article was prepared by Deborah Ellis, supervisor, MIAD.

Ted Bates Advertising/New York, has for some time, prepared an annual media cost trend analysis. This particular study, with trend purposes in mind, tracks advertising expenditures, unit costs, audiences and cost efficiencies (cpm's) from 1975 through 1981. A review of the past trends in measured economic indicators (CPI/GNP) provides a benchmark for our analysis. In the past we have identified 1976-79 as the "boom years," which serves as the immediate background to the 80's. During this period there generally was a dramatic increase in cpm's across all media, especially in the tv area. (See following charts.)

During the period immediately following — 1980-81 — the rate of media cpm increases abated somewhat from highs of the "boom years." However, now it appears this deceleration or "lull" period was regrettably short-lived. It seems to have ended in 1982 with the reemergence of higher-than-inflation media costs across the board. It is this change that will form the focus of this report and we will conclude by discussing projected media cost increases for 1983.

1980-1981 — The calm between two storms?

In the beginning of the 1980's, increases in media cost efficiencies began to decline, specifically in the broadcast area. (See pg. 34.) While there were increases for all media elements analyzed, those for the tv medium, both network and spot, were not as great as what occurred during the "boom years." Economic policies geared toward arresting inflation would seem to have had their desired effect. The CPI declined from 12.4% in 1980 to 9.3% in 1981. One might reasonably designate this period of dis-inflation a "lull" period for it does not continue into 1982.

During this "lull" period, average cpm increases did not exceed the CPI. In fact, when compared to the "boom

---

EDITOR'S NOTE: Fred Brandt is the vice president and director of the Media Information and Analysis Division at Ted Bates, Inc.

year," most media elements saw a deceleration in their cpm growth rates. Network television saw a dramatic decline in cpm increases for both daytime (to 9%) and evening (to 10%), while spot television also experienced a deceleration in cpm (down to 6%). Spot radio decreased slightly (to 7%) while network radio and newspapers maintained past increases (8 and 9% respectively). Supplements and outdoor showed slight increases (10% for both) as did magazines (11%).

Advertising volume performance

During the same 1980-81 period, advertising volume increased by an annual rate of 11%, while the Gross National Product grew only 10%. Chart A indicates that since 1975, the annual growth in advertising volume has exceeded that of the GNP, and this relationship continues to hold true in 1982, with advertising volume increasing 10% and the GNP up only 5%. Despite the fact that the economy is in a recession and hence has a slower GNP growth rate, advertising volume seems not to have been greatly affected. The 1982 relationship specifically, might prove to be somewhat more significant. In fact, not since 1976 (the onset of the "boom years") has advertising volume increased at a rate virtually *double* that of GNP. Interestingly, even though yearly ad volume growth has been at double digit levels since 1975, the relationship of *national* to *total* ad dollars has remained quite constant at about 28%. (See Chart B.)

Cost Trends 1975-1983

	DAY NET TV	EVEN NET TV	SPOT TV	MAG	NEWS	SUPP	SPOT RADIO	NET RAD	OUT DOOR	CPI
UNIT COST TRENDS										
1975	100	100	100	100	100	100	100	100	100	
1976	117	109	127	103	110	103	118	105	108	
1977	146	138	134	111	121	119	133	120	119	
1978	162	155	137	121	132	128	147	131	133	
1979	177	174	157	131	143	139	163	140	147	
1980	200	204	175	146	157	153	184	160	164	
1981	206	208	184	162	175	171	208	189	182	
1982	225	241	191	175	195	193	234	223	220	
1983 (est)	243	252	204	187	214	204	263	256	238	
AUDIENCE TRENDS										
1975	100	100	100	100	100	100	100	100	100	
1976	93	100	102	101	101	100	105	96	101	
1977	91	101	102	101	101	97	109	100	102	
1978	93	104	105	100	102	103	114	102	103	
1979	97	104	110	100	103	103	120	102	103	
1980	99	107	114	100	103	104	127	111	104	
1981	95	103	114	99	101	105	134	122	105	
1982	94	96	108	99	102	105	142	134	114	
1983 (est)	94	92	107	99	102	105	149	141	116	
COST-PER-THOUSAND TRENDS										
1975	100	100	100	100	100	100	100	100	100	100
1976	125	108	125	102	110	103	112	110	106	105
1977	161	136	131	111	119	122	122	119	115	112
1978	174	149	131	122	129	124	129	129	127	122
1979	182	167	143	131	139	134	135	135	142	135
1980	203	190	154	147	153	147	145	144	157	153
1981	218	203	162	164	173	163	155	155	173	169
1982	238	251	176	177	191	183	164	166	191	179
1983 (est)	258	276	190	189	210	193	176	182	202	189

Charting the Relevant Data

Total Advertising Volume and Gross National Product — A

Year	Ad Volume — Millions	Ad Volume — Yr. to Yr. % Change	GNP — Billions	GNP — Yr. to Yr. % Change	Ad Volume As % of GNP
1975	$28,160		$1,549.2		1.82
1976	33,690	+20	1,718.0	+11	1.96
1977	37,920	+13	1,918.3	+12	1.98
1978	43,950	+16	2,163.9	+13	2.03
1979	49,520	+13	2,417.8	+12	2.05
1980	54,680	+10	2,633.1	+ 9	2.08
1981	61,500	+12	2,937.7	+12	2.09
1982	67,920	+10	3,074.0	+ 5	2.21
1983 (est.)	75,665	+11	3,360.0	+ 9	2.25

National Advertising Volume as Percent of Total Advertising — B

	Total (millions)	National (millions)	National as % of Total
1975	$28,160	$ 7,354	26
1976	33,690	9,177	27
1977	37,920	10,601	28
1978	43,950	12,199	28
1979	49,520	13,672	28
1980	54,680	15,227	28
1981	61,500	17,102	28
1982	67,920	19,020	28

National Expenditure Trend — C

YEAR	NET TV	SPOT TV	MAG	NEWS/ SUPP	RADIO	OUT-DOOR
1975	100	100	100	100	100	100
1976	124	133	122	123	120	115
1977	150	136	148	137	132	132
1978	172	161	177	146	148	140
1979	199	177	200	171	160	161
1980	222	201	215	193	185	165
1981	242	230	241	224	215	190
1982	270	260	260	252	235	211

Percent Average Yearly Increases in CPM — D

	1976-79	1980-81
Broadcast		
Day Net TV	+17	+ 9
Eve Net TV	+14	+10
Spot TV	+10	+ 6
Net Radio	+ 8	+ 8
Spot Radio	+ 8	+ 7
Print		
Magazines	+ 7	+11
Supplements	+ 8	+10
Newspapers	+ 9	+ 9
Outdoor		
Posters	+ 9	+10
CPI	+ 8	+11

Percent Average Yearly Increase in CPM — E

	1980	1981	1982	1983*
Broadcast				
Day Net TV	11	8	9	8
Eve Net TV	14	7	24	10
Spot TV	8	4	9	8
Net Radio	5	10	7	10
Spot Radio	7	7	6	7
Print				
Magazines	11	11	8	6
Supplements	9	11	12	6
Newspapers	9	9	10	10
Outdoor				
Posters	11	10	10	6
CPI	12	9	6	6

* Projections

1982 — "Boom"-erang

cpm increases for 1982 exceeded the growth in the inflation rate for eight of the nine media elements analyzed, signaling an apparent end to the "lull" in media inflation. (See Chart E.) Evening network television and supplements posted the largest cpm increases (24% and 12% respectively), while day network and spot television posted similar cpm increases (9%) as did newspapers and outdoor (10%). Magazines (8%), spot (6%) and network (7%) radio increased at rates equal to or slightly higher than the CPI (6%).

It's quite probable that evening network tv's enormous cpm increase (24% — more than double that of other media) is attributable to many factors. We are told that for the 1981-82 television season, a large portion of commercial time was purchased "upfront," i.e. committed for prior to the start of the tv season.

Additionally, for virtually all "upfront" buys, the networks had "guaranteed" the cpm performance of schedules. With prime time network audiences declining at a rate faster than the network research "gurus" had foreseen, a great deal of 2nd and 3rd quarter 1982 inventory was diverted for "makegoods." Thus, the limited remaining "scatter" marketplace proved to be extremely expensive.

Projections for 1983

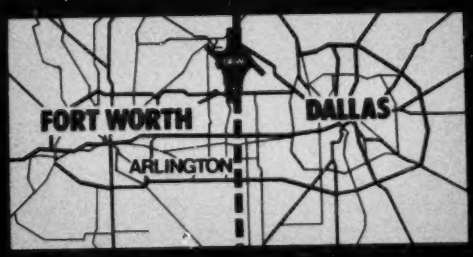
Ted Bates anticipates cpm increases for 1983 that will once again be larger than the estimated growth in inflation (CPI). The Conference Board's estimate for the 1983 CPI is about 6% which parallels our cpm increase estimates for outdoor, supplements and magazines (all 6%). Newspapers should increase at the same rate as in 1982 — 10%. Television (hopefully) should see more moderate increases compared to 1982 — 8% for daytime, 10% for evening network television and 8% for spot television. On the other hand, radio cpm growth rates will accelerate slightly, 10% for net and 7% for spot.

How long media cpm increases can continue at such high rates is a key question, especially when inflation appears to be moving at a "moderate" pace. The answer to that question appears to be elusive, and to quote an overused cliche, "only time will tell."

FOOTNOTE:
Tables report trends in index form, with 1975, the base year, indexed at 100. These estimates are based on unit costs of 30 seconds for TV and Network Radio, 60 seconds for Spot Radio, one page four-color for Magazines, milline black and white for Newspapers, one page four color for Supplements, and 100 showing for Outdoor through 1981; 1982-83 based on increases in 50 showing. Audience levels and CPM's are based on women 18+ for Day Network, total persons 2+ for Evening Network; TV households for Spot TV, persons 12+ for Radio; circulation for Magazines, Newspapers and Supplements; and total population for Outdoor. Sources for audience information are "Network and Spot TV — A. C. Nielsen; Network Radio — "RADAR"; Spot Radio — Arbitron; Magazines — Magazine Publishers Association; Newspapers — Newspaper Advertising Bureau; Supplements — Standard Rate and Data; Outdoor — Outdoor Bureau and estimates. Figures for 1983 are Ted Bates' estimates.

NOTE regarding CPI:
CPI is based on increases in yearly average rather than December to December.

TWO ANCHOR CITIES.



A MINIMUM 2-PAPER BUY.

There may be three large metropolitan dailies in Fort Worth Dallas.
But only one reaches the Western half's $11.3 billion EBI and over one million people.
The Fort Worth Star-Telegram.

DAILY COVERAGE IN WESTERN HALF

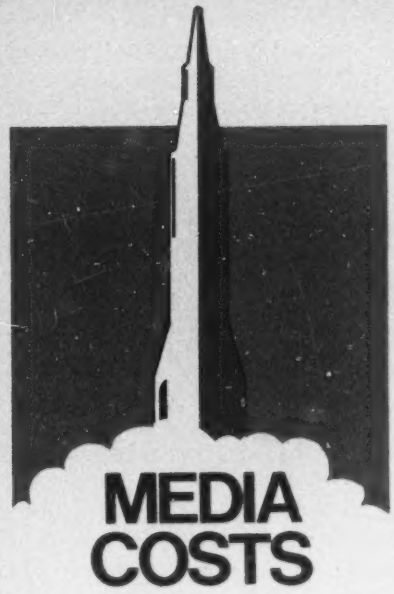
Fort Worth Star-Telegram	53%
Dallas Morning News	6%
Dallas Times-Herald	3%

To reach ALL of America's 8th largest market, start with the Fort Worth Star-Telegram.
Then complete your buy by adding either Dallas paper.

Fort Worth Star-Telegram

YOUR FIRST BUY IN AMERICA'S EIGHTH LARGEST MARKET.

400 W. 7th Street Fort Worth, Texas 76102 (817) 390-7767 Contact Sawyer-Ferguson-Walker, Inc. In Mexico, TOWMAR



Magazines sail through

We may have come through the worst recession since World War II, but magazines have hardly noticed. Industry consultant Jim Kobak notes that advertising pages have already bounced back from a slight downturn in 1982 and advertising dollars, up some 6% in 1982, figure to show a rise of more than ten percent in 1983.

The magazine industry sailed through the worst recession since World War II last year with hardly a bow. While there was some softness in advertising pages and newsstand sales, just about every other indicator was up.

Consumer magazines

There are 100 more titles listed in Standard Rate & Data than a year ago. These include such notable names as *Muppet, Unique Homes, PC, Family Computing, Nibble* and many others devoted to personal computers as well as magazines in many other fields.

MAN FOR THE MAGAZINES: Consultant James Kobak

While some 240 new magazines are included, 130 have been deleted, including some older ones — *Book Digest, Camera 35,* and *A.D.*, along with a few new ones which failed to make it, such as *Prime Time, Inside Sports* and *Elan. Saturday Review,* as has been its wont in recent years, was both deleted and later in the year, added.

Advertising pages in the major magazines were down slightly in 1982, but have bounced back nicely this year with gains in the 5-10% area.

Advertising dollars in 1982 were ahead by some 6% despite the recession, and are up more than 10% in 1983.

Single copy sales were down marginally in 1982 and that drop continued this year.

The loss in single copy sales has been more than offset by increases in subscriptions and there was a total circulation increase in 1982 of some 4 1/2%. 1983 data for the first six months show a further gain of 1 1/2%.

The figures show in chart A:

Business magazines

There are 170 more titles listed in Standard Rate & Data now than a year ago. This is the net of 330 started and 160 deleted. And, while almost 100 of the new ones have to do with medical and electronic areas, surprisingly some 92 different fields spawned more new publications, including many of those which are most depressed.

The effects of a recession normally are felt by business magazines some 6 to 9 months after it starts. This one was no exception. During 1982, advertising pages were down by only 2%. During the first six months of 1983, however, they were off 10%, primarily because of very heavy losses in heavy industry, oil and a few other classifications. With the recession over, this situation should soon be corrected.

Advertising dollars, however, grew some 8% in 1982 and rate increases for this year should result in another gain.

Circulation continued to climb in 1982 in chart B.

Advertising rates

With the continued strength in advertising, consumer magazines have continued to increase their advertising rates. In 1982 they advance some 9%, another 6% is indicated for 1983 and the latest *Marketing and Media Decisions* survey indicates that 9% more will take place in the next year.

Even so, the increase since 1970 has been much less than the Consumer Price Index (Table I) and less than most of the other major media (Table II). Since 1977, however, the increases have been close to those of the consumer index and if the projected rises take place, will go beyond it.

Circulation prices have continued their increases during 1982 and, from current data, the peak does not yet seem to have been reached (Table III). Circulation continues to take a larger share of the revenue (Table IV).

Business magazine prices rose some 9% in 1983. With the current softness in advertising for many publications, a smaller increase is expected next year, some 7.3%. Overall, ad rates have lagged behind the standard economic indices (Table V). Circulation prices continue to escalate (Table VI) and income from circulation this year will be a larger portion of the total than in the past (Table VII).

Costs

Publishers have benefited from a hiatus in the seemingly endless cost spiral. During the past year, paper prices have declined some 8% as producers have experienced an overcapacity of facilities. Postage rates have not changed for some time, and the Postmaster has promised no further increases before 1985. Printing increased only moderately this year and publishers, along with other companies, have reduced the size of the increases which have been awarded to employees. (Table VIII.)

In the area of improving their operations, the major change during the last year has been in the weight of paper used. With the continued improvement in the quality of lesser weight paper, the percentage of these grades has become a larger share of that used, resulting in savings not only in paper costs, but also in postage.

Basic data for consumer magazines selected years — 1960-1982 — A

	1982	1981	1980	1970	1960
Number, including farm publications	1,644	1,541	1,506	1,182	1,005
Advertising in major magazines					
Pages (per year)	120,800	121,500	115,300	76,900	74,900
Dollars (millions per year)	$3,421	$3,222	$2,374	$1,169	$830
Circulation per issue					
ABC audited magazines (millions)					
Single copy	86	87	91	70	62
Subscription	217	203	174	173	128
Total	303	290	265	243	190

Basic data for business magazines selected years — 1960-1982 — B

	1982	1981	1980	1970	1960
Number	2,846	2,675	2,364	2,376	2,310
Advertising in major magazines					
Pages (thousands per year)	1,741	1,776	1,480	1,093	1,200
Dollars (millions per year)	$2,328	$2,156	$1,495	$836	$547
Circulation per issue (millions)	71.5	70.0	66.8	62.3	47.6

	1982	1981
32-36 pounds	57.2%	53.8%
38-44	23.6	28.0
45-50	8.6	8.4
60 and over	10.6	9.7

GROCERS' SPOTLIGHT

the business newspaper of the nation's food industry

REACHES AND IS READ BY KEY BUYING INFLUENCES IN THE $220-BILLION RETAIL FOOD INDUSTRY

DECISION MAKERS in the nation's food industry headquarters and retail markets depend on Grocers' Spotlight for EXCLUSIVE national, regional and local news and information they need to operate their businesses. 80% of our editorial content is EXCLUSIVE — not available anywhere else! To this, we add in-depth viewpoints on special subjects by SEVEN FULL-TIME COLUMNISTS, written in language subscribers understand and appreciate.

OVER 200 COMPANIES AND NATIONAL ADVERTISERS LIKE THESE ARE SOLD ON GROCERS' SPOTLIGHT:

Kraft	Miller Beer
Philip Morris	Gerber
Kellogg	Nabisco
General Mills	Pillsbury
Campbell Soup	Frito-Lay
Procter & Gamble	Durkee
Land O' Lakes	Budweiser

WRITE OR PHONE for the complete Grocers' Spotlight story. Ask to see our 12½ minute film presentation — see for yourself why Grocers' Spotlight is the Food Industry's outstanding newspaper!

ABC

68,391 EXCLUSIVE NATIONAL COVERAGE

Documented readership
ABC, June 30, 1983

Grocers' Spotlight

22725 Mack Avenue
St. Clair Shores, MI 48080
(313) 779-4940

Table I

Consumer magazines advertising rate index

	Unit Rates	Cost-per Thousand	Consumer Price Index
1970	100	100	100
1977	119	123	156
1978	130	135	168
1979	140	146	187
1980	156	162	212
1981	173	179	234
1982	189	195	249
1983 (est.)	200	209	259

Table II

Magazine advertising rate increases compared to other media cost per thousand

	1970-1977	1977-1983	1970-1983
Consumer magazines	23%	70%	109%
Business magazines	28	60	105
Day net TV	77	47	160
Eve net TV	67	90	217
Spot TV	22	63	99
Newspapers	75	66	191
Supplements	48	59	135
Spot radio	40	44	102
Net radio	8	39	50
Outdoor	53	87	186
Consumer price index	56	66	159

Table I shows unit rates, cost-per-thousand and the consumer price index as extended from 1970 the 100 index year. It shows unit rates and cpm rising at a rate slower than the consumer price index. Table II the cumulative percentage cost increase in 10 media for the past 13 years as compared with the consumer price index.

Table III

Consumer magazines Circulation price index

	Average Single Copy Price		Average Yearly Subscription Price		Consumer Price Index
	$	Index	$	Index	
1970	$ .63	100	$ 7.16	100	100
1977	1.11	176	13.39	187	156
1978	1.21	192	14.86	208	168
1979	1.33	211	16.30	225	187
1980	1.48	235	16.75	234	212
1981	1.62	257	18.06	252	234
1982	1.80	286	20.28	283	249
1983 (est.)	1.98	314	22.31	312	259
1970-1977 Increase		76%		87%	56%
1977-1983		78		67	66

Table VI

Business magazines circulation price index (1)

	Yearly Subscription
1970	100
1977	188
1978	209
1979	241
1980	276
1981	319
1982	351
1983 (Est.)	386
1970-1977 increase	88%
1977-1983	105

(1) Many business magazines have controlled circulation

PLAYBOY INDUSTRY VIEW: ART WILEN

comments on media strategies, from the executive v.p./media director, the marschalk company, inc.

PHOTOGRAPHY BY JOOK LEUNG

"When we recommend a media plan, we're actually acting as financial consultants. Once we understand a client's marketing objectives, we bring him investment opportunities through media."

"We have a creative philosophy called 'emotional hard-sell.' We try to extend our creative strategies into our media selection—to carefully match the message and the medium for the strongest sale."

"Print offers the advantage of reaching a specific target in a specific environment. It lets us take the message beyond a single thought and turn it into a complete information piece."

Table IV

Consumer magazines sources of revenue

	Advertising	Subscriptions	Single Copy
1970	64.33%	27.91%	7.76
1977	55.47	29.59	14.94
1978	53.69	28.67	17.64
1979	52.22	30.41	17.37
1980	51.14	32.67	16.19
1981	51.08	33.30	15.62
1982	51.00	34.00	15.00
1983 (Est.)	50.50	34.50	15.00

Table VII

Business magazines sources of revenue

	Ad	Sub
1970	71.1%	28.9%
1977	71.6	28.4
1978	72.6	27.4
1979	71.1	28.9
1980	69.0	31.0
1981	70.0	30.0
1982	70.2	29.8
1983 (Est.)	67.7	32.3

Table V

Business magazines advertising rate index

	Unit Rates	Cost per Thousand	Consumer Price Index
1970	100	100	100
1977	137	128	156
1978	141	132	168
1979	149	140	187
1980	157	148	212
1981	166	158	234
1982	181	172	249
1983 (Est.)	197	188	259
	1970-1977 Increase	28%	56%
	1977-1983	47	66

PLAYBOY: You want to make the most of your client's ad budget. So when the plan calls for effective—and efficient—reach to the male market, invest in a blue chip. PLAYBOY.

PLAYBOY is the medium that works *with* the message to build interest in a wide range of products. From clothes to cars to spirits to recreational gear, if it's of interest to men, it's featured in PLAYBOY. As part of a lifestyle editorial package that helps men get the most out of life. And puts them in the mood to buy.

Take your client's message beyond the page it's printed on—to nearly 13 million affluent, acquisition-oriented men whose interest in living well pays handsome dividends for you. Advertise in PLAYBOY.

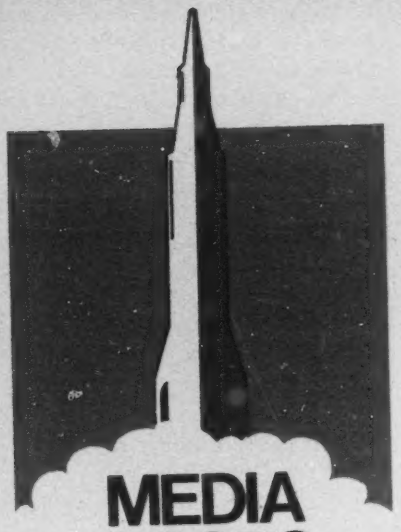
PLAYBOY.
For the man who's got to have it all.

Source: MRI, Spring 1983—adjusted. © 1983 by Playboy.

Table VIII

Magazine publishers' cost increases

	Paper	Printing	Postage 1st Class	Postage 2nd Class	Postage 3rd Class	Salaries	Consumer Price Index
1970	100	100	100	100	100	100	100
1977	175	171	217	218	197	161	156
1978	197	185	250	290	221	17[illegible]	168
1979	211	200	250	343	221	181	187
1980	235	220	250	343	221	202	212
1981	259	242	300	321	274	226	234
1982	270	266	333	348	287	253	249
1983 (Est.)	249	271	333	348	287	271	259



Cable costs all over the lot

Cable continues to be the ephemeral medium. Just when you think you're getting a hand on it, another development occurs that scrambles the picture. This comprehensive overview of the current picture identifies the players, singles out the vertical speciality, and proves, once again, that cable is still very much a medium in flux.

Norman Trell leaned back in his chair and freely admitted that he doesn't know what he's getting for his money when he advertises on cable television, and for this reason, he said, no matter what he pays, the medium is, in his opinion, overpriced. But, in the next breath, the senior vp of Diener/Hauser/Bates Co., Inc., said his agency is now advertising on cable four times as much as it did last year.

Mr. Trell is not alone in his somewhat paradoxical assessment of cable. The consensus among a number of other large agencies indicated that cable advertising, for the most part, represents an "unknown quantity," which several ad executives quaintly defined as "buying a pig in a poke." Yet, practically every agency also admitted that its ad budget for cable tv is growing every year.

While the cost of advertising on cable networks has inched up in 1983, particularly among the more successful networks such as MTV, ESPN, CNN

and the USA Cable Network, most agency executives were reluctant to discuss costs at all. As Mr. Trell noted, "cable rates are highly negotiable. I know, for instance, that we're paying 50 percent less than other agencies for certain 30-second network spots. And, I'm sure there are other agencies doing better than we in other areas."

Negotiation is the key word when local and network cable ad costs are considered. The prices seen on the rate card mean no more than the prices seen in a store window on Canal Street, one of New York City's bargain centers. The important thing is not the price seen in the window, but the price arrived at after bargaining.

Saralee Hymen, vp of marketing for the Cable Television Advertising Bureau (CAB), said cable ad costs, both network and local, have remained static or declined over the past three years. The depressant factors, she said, include a supply and demand situation that has been exacerbated in recent years by increasing channel capacity, and more importantly, by the fact that much of cable's programing is not measured.

After doing a quick calculation, Ms. Hymen figured that "satellite-fed networks have the capacity to sell 1,344 60-second spots during the course of a week. As a result, buyers can negotiate bargains for 30-second spots that can range from as little as $5 to $25. There's no doubt, it's a buyer's market.

"Furthermore, there are presently about 725 cable systems selling advertising, which is about 10% of all the cable systems in the U.S. Advertising prices at these systems remain cheap because many of them have extremely large inventories to fill, anywhere from 24 channels to 50 and more."

Ms. Hymen estimated that local ad costs for a 30-second spot on a cable network show average about $25 a spot.

Despite cable's limited viewership at this point in time, advertisers are finding the cable bandwagon quite attractive. Total advertising revenues for cable systems and networks have made strong gains since 1980. According to Paul Kagan Associates, total revenues in 1980 stood at $58 million, and more than doubled at the end of 1981 to $121.6 million. Revenues in 1982 continued to rise to $241.8 million.

The Kagan organization also had rosey projections for the remainder of the decade. It places ad billings in 1983 at $382.9 million; $830.7 million in 1985 and $2.4 billion by 1990. Kagan's latest projection indicates that cable tv billings will pass $4.5 billion in 1993. Of this total, ad-supported cable networks are expected to gross about $3.5 billion and local systems to reach over $1.1 billion.

Two basic assumptions are used by Kagan in arriving at these spiraling ad totals. They are:

- If viewing levels were matched to

10-YEAR PROJECTIONS OF CABLE TV NETWORK ADVERTISING

Year	1 All TV Homes (mil.)		2 Avg. HUT		3 Viewing Homes (mil.)	4 Cable Adv. Homes (mil.)		5 Avg. Cable HUT		6 Cable Viewing Homes (mil.)		7 Share in Cable Homes		8 Actual Cable Viewing (mil.)	9 Cable % of all Viewing	10 Cable % of Broadcast Net. Rev.	11 Broadcast Network Revenues (mil.)	12 Cable Network Revenues (mil.)
1983	82	×	50%	=	41	18	×	50%	=	9	×	.08	=	.720	1.76%	4.74%	$ 6,600	$ 312.9
1984	84	×	50	=	42	22	×	50	=	11	×	.09	=	.990	2.36	6.13	7,400	453.5
1985	85	×	50	=	42.5	26	×	50	=	13	×	.10	=	1.300	3.06	7.65	8,300	634.7
1986	87	×	50	=	43.5	29	×	50	=	14.5	×	.11	=	1.595	3.67	8.80	9,300	818.4
1987	89	×	50	=	44.5	32	×	50	=	16	×	.12	=	1.920	4.31	9.92	10,400	1,032.2
1988	90	×	50	=	45	35	×	50	=	17.5	×	.13	=	2.275	5.06	11.12	11,600	1,290.3
1989	92	×	50	=	46	37	×	50	=	18.5	×	.14	=	2.590	5.63	11.82	13,000	1,537.1
1990	93	×	50	=	46.5	39	×	50	=	19.5	×	.15	=	2.925	6.29	12.58	14,600	1,836.8
1991	94	×	50	=	47	41	×	50	=	20.5	×	.16	=	3.280	6.98	13.96	16,400	2,289.0
1992	95	×	50	=	47.5	43	×	50	=	21.5	×	.17	=	3.655	7.69	15.39	18,400	2,831.8
1993	96	×	50	=	48	45	×	50	=	22.5	×	.18	=	4.050	8.44	16.88	20,600	3,477.3

1– Estimated U.S. TV households.
2– PKA estimate of day-long Homes Using Television, based on 60% prime time, 30% 7 a.m.-1 a.m., skewed upward from day-long average because ad dollars are concentrated in heavier viewing times.
3– Homes actually viewing television.
4– PKA estimate of average cable homes accessed by majority of cable TV ad-supported networks.
5– PKA estimate of cable homes using television (as in column 2).
6– Cable network homes actually viewing television.
7– PKA estimate of average viewing commanded by cable TV networks, as % of all viewing in cable homes shown in column 6.
8– Actual viewing homes available to cable TV network advertisers.
9– Actual cable viewing as % of all viewing (column 8 divided by column 3).
10– PKA estimate of proportionate cable network ad spending — which was triple the cable networks' share of all viewing in 1980, and is projected to decline to double their share by 1991.
11– PKA estimate of revenue of ABC-CBS-NBC.
12– PKA estimate of revenue of cable TV ad-supported networks.

© 1983 CABLE TV ADVERTISING, Paul Kagan Associates, Inc., Carmel, CA.

dollars, national advertisers are spending about three times as much on cable networks as they would normally be expected to;

• The growth of ad revenues in local systems, which have risen gradually in recent years from zero ad dollars per subscriber per month to goals of $1 per subscriber per month and more.

The accompanying table shows that Kagan expects the number of homes accessed by the average cable network to rise from the current 18 million to 45 million in 10 years. The "share" is expected to rise in the decade from 8% to 18%.

It is obvious by these numbers that while ad agencies today may be somewhat disenchanted about who they're reaching in the cable universe, they must nonetheless be bullish about cable's future potential based on the growing number of ad dollars being spent in the relatively new medium.

In assuming that national advertisers are spending three times as much on cable, the Kagan organization rationalizes that in 1983 an average of 41 million tv homes, representing half of the total 82 million, will be turned on at a given time during the day. Of this total, 9 million representing half of the 18 million available to a cable network, will be cable viewing homes.

About 8% of this total can be expected to be watching a cable network which means 720,000 cable network homes are available for an advertiser's spot. While this represents only 1.76% of all 41 million viewing homes, it does give national advertisers some numbers to work with and a growth pattern to follow.

There also appears to be some divergence of opinion among national advertisers whether cable truly lives up to its other labelled benefits, namely, is it selective and does it offer advertisers the right demographics for their products.

Ms. Hymen of CAB sees no basis for argument on the selectivity point.

"Where else," she asks, "can a national advertiser find a select audience of sports fans like the ones who watch ESPN? And, this audience is on tap 24 hours a day. Or, the bright upbeat audience that makes up much of the viewership of the Cable News Network. And, MTV, which is growing spectacularly because it is zeroing in more emphatically each day in that wonderful age group of 13 to 32. Also, don't overlook the culture buffs that watch the BRVO Network."

"Latest figures (MTV) now place subscribership at 13.5 million and growing . . . MTV rates vary on a 24-hour rotation basis ranging from $1,000 to $7,000 for a 30-second spot on late night concert show."

Mr. Trell, who unabashedly remembers that it was he who was the leading critic at DHB against participating in cable advertising a few years ago, now says that practically every new film ad campaign is sure to find spots on Warner Amex's MTV: Music Television Network.

The executive, who still has serious reservations about cable in view of the number of major cities in the U.S. that remain unwired today, brightens slightly, however, when he mentions the rock music channel.

"I agree with published reports that 'Flashdance,' Paramount's new film, which DHB promoted, was helped considerably at the box office by MTV. This channel was particularly suitable for 'Flashdance' because it had the audience, teenagers and young adults, and its 24-hour video music format was compatible with the theme of the movie," he said.

MTV, by the way, has shown remarkable growth since its introduction back in August of 1981, when it began with 2.5 million subscribers. Latest figures now place subcribership at 13.5 million and growing. A spokesperson for MTV said more ad revenues were taken in the first quarter of 1983 than in all of 1982, proving apparently that a lot of other people feel like Mr. Trell.

MTV rates vary on a 24-hour rotation basis ranging from $1,000 to $7,000 for a 30-second spot on late night concert show. Another area of advantage, which MTV in particular and cable in general has to offer, Mr. Trell noted, "is the long-length commercial." In this regard, he added, DHB launched its first 2-minute and 45-second trailer on MTV for John Travolta's flick, "Staying Alive," the sequel to the highly successful "Saturday Night Fever."

In addition to longer-running commercials, Mr. Trell said cable commercials can also be more candid than those shown on commercial networks, particularly in the area of nudity.

Ironically, the non-advertiser supported movie cable network pay services, which would be ideal for DHB's purposes, are not available. But Mr. Trell has hopes. He foresees the day when a pay service like HBO may accept ads when and if it reaches a subscriber saturation point.

"HBO or any other movie service could tell subscribers that because of rising operating costs, they will have to either charge subscribers $3 a month extra, or put on a 2-minute commercial at the beginning and end of each movie as an alternative," he said.

However, not many of Mr. Trell's peers agree with this assessment, noting that HBO and other pay services could never compromise the no-commercial edict, which is so integral to the success of cable tv movie services.

According to A.C. Nielsen's latest statistics, cable television now reaches nearly 32 million homes in the U.S., or 38% of the total 82 million homes that have television sets. The 38% is a meaningful figure if anyone put stock in the prediction two years ago that when 35% was reached, an advertising boom of unprecedented proportions would occur on cable tv. Ms. Hymen said that projection was a myth.

According to A.C. Nielsen's latest statistics, cable television now reaches nearly 32 million homes in the U.S., or 38% of the total 82 million homes that have television sets.

Dennis Leibowitz, vp at Donaldson, Lufkin & Jenrette, disagrees somewhat. "The penetration figure is not the problem," he said. "Presently, it is not insufficient. What was needed was a better marketing effort on the part of the cable industry."

Mr. Leibowitz, who is the author of a voluminous industry report on the cable industry, said the 38% penetration was reached at the wrong time.

"We were in the midst of a deep recession. It was just a bad environment all the way around," he said.

The cable industry expert also pointed to the lack of audience measurement as a retardent to cable ad revenues. The only networks currently rated are ESPN, CNN, USA Cable and MTV. But, the lack of a good marketing effort by the cable industry seems to be the most disturbing factor to Mr. Leibowitz.

"Certain areas within the cable industry need to be developed to realize the marketing potential that is there. These include target marketing and the benefits that can be derived from longer-length commercials," he said.

In general, Mr. Leibowitz appears to be optimistic on the outlook for cable ad revenues but predicts that more networks will be "shaking out," citing the demise of CBS Cable and the Entertainment Channel as one example, and the recently accomplished merger between the Cable Health Network with Hearst/ABC's Daytime, as another. He also sees some networks becoming very profitable in the second half of the decade primarily from continued strong subscriber growth.

The reluctance of the cable networks to disclose their respective financial positions has led many industry observers to conclude that none of them have yet reached profitability.

According to the DL&J industry report, while revenues have been up more than 100% in recent years, they are well behind projections primarily because costs were higher than expected and competition among the networks has intensified. There is no doubt that programing costs have drained network revenues. At a recent Women in Cable Critics Conference, some networks divulged programing costs for the first time. Cable Health Network said the average cost of programing ranged from $15,000 to $20,000 an hour, while USA Cable Network said its costs ranged from $2,000 to 15,000 an hour.

"Cable isn't nearly as selective as maintained. The euphoria of narrowcasting is overstated. With the exception of MTV, all of the other networks, including ESPN, are not selective." Larry Cole, sr/vp and dir. of media services, Ogilvy & Mather.

The report estimated that in 1982, Cable News Network led the networks in ad revenues with $35 million, followed closely by ESPN with $30 million and USA Cable with $25 million. The 1982 budgets of CNN and ESPN were estimated at $50 million or more, which more than offset the gains in ad revenues. In 1982, the report continued, none of the other cable networks generated more than $5 million in ad revenues.

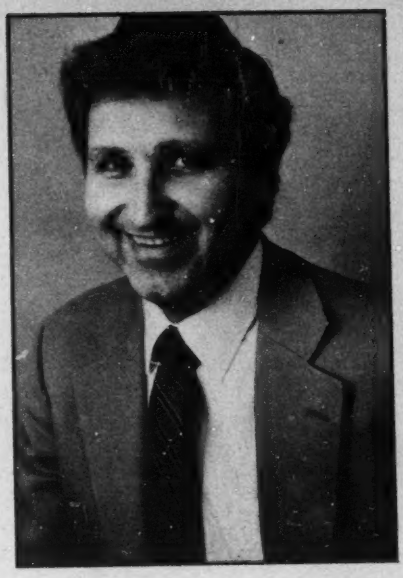
A somewhat startling conclusion was reached when it was noted that cable advertising "will either never get off the ground (as everything goes pay) or more likely generate substantially more than $2 billion in 1990."

Whether cable advertising will ever truly "fly" remains a big question marked in the minds of many ad executives today. And, while perceptions of the medium can be diametrically opposite like those of Larry Cole, senior vp and director of media services at Ogilvy & Mather and Jay James, senior vp of video technology and programing at Doyle, Dane & Bernbach, one aspect meshes at both agencies. Their cable ad budgets are going up.

Ogilvy & Mather, Mr. Cole said, is not only spending more money on cable advertising, but has also seen a rather dramatic increase in cable advertising costs in the past three years.

Using the fourth quarter of 1980 as a base of 100, advertising costs at O&M increased 115% in 1981; 163% in 1982 and is projected at 185% in 1983. Cable advertising expenditures at the giant agency have also shown considerable growth ranging from about $250,000 in the 1980 base year to a projected $5 million in calendar 1983.

With these kinds of numbers it would be reasonable to expect that a budding love affair was taking place between O&M and the world of cable advertising. But not necessarily so. Mr. Cole is apparently a very demanding suitor because he has some serious reservations about cable's vaunted strong suit — selectivity.



"Cable isn't nearly as selective as maintained," Mr. Cole said. "The euphoria of narrowcasting is overstated. With the exception of MTV, all of the other networks, including ESPN, are not selective."

The networks may become more selective in the future, he added, as their cable audiences grow. Today, however, cable advertising is speculative, he said, because poor programing has made it difficult to attract large audiences.

It is interesting to note that Mr. Cole is apparently not completely turned off by his perception of cable's lack of selectivity. He said some special baby commercials for O&M clients, Kimberly Clark, would appear on a "new mothers" show on the Daytime Cable Network.

"The potential of cable is still far away," he said. "And, ironically, the big audiences are with the pay movie networks, which as we all know do not seek ad support."

Mr. James is on a completely different wave length than Mr. Cole regarding cable's potential. He said, "There are now several networks measured by Nielsen. We know the audiences of these networks. They have a better

cpm than the commercial networks. For example, for $500,000 expended in cable advertising today, we can get more audience impression than the same money spent on commercial tv."

DDB will spend between $12 to $14 million in 1983 on cable advertising, Mr. James said. This is up from the $9 million spent in 1983. On a break-out basis, cable networks will account for 85% of the 1983 ad budget with the remainder for local systems advertising.

He said cable ad costs for DDB ranged from $300 to $10,000 for 30-second network spots. Ad costs averaged between $1,000 to $2,000. Cable costs, he added, have been going up as the number of new subscribers build each month on the various cable networks.

Reaching high target audiences is one of the main benefits of advertising on cable, Mr. James said. "The program environments offered by cable are conducive to different products. For example, if I want to hit the right market for french fried potatoes, I'll find a cooking show on cable that will fill my need."

DDB uses all cable networks and particularly favors Ted Turner's super station WTBS in Atlanta, which is actually a commercial station aired in 20 million cable homes. Mr. James said WTBS is the most popular network with the largest audience.

In the area of specially made commercials for cable tv, Mr. James said this is a trend that will grow for a number of reasons including the advantage of being able to use longer-length commercials and the opportunity to tailor commercial messages for target audiences such as those watching MTV and ESPN.

Mr. Cole's view on cable commercials is exactly opposite. He said very few special commercials are being made because cable audience size cannot justify the production costs for making these commercials. But, Alvin Hample, chairman of D'Arcy, MacManus & Masius, told the second annual CAB Conference recently that cable's longer-length opportunities can put a stop to runaway production costs. "We might just find that for some products and services more time to sell can mean less cost to produce."

"Interestingly enough the audience that watches pay sports networks doesn't seem to mind the commercial interruptions. — Norm Varney, sr/vp new electronic media, J. Walter Thompson"

Ms. Hymen of CAB said commercials have been specially made for cable for products such as Budweiser Beer, Sizzaline bacon, the Camaro automobile, Corningware and Kraft Food. The Kraft commercials were made especially for viewing MTV, she said. All of these commercials ran from 90 seconds to two minutes in length.

Infomercials are also becoming quite popular cable fare, Ms. Hymen said. These informational messages are also longer-length and are generally aimed at targeted audiences. CNN, considered a high-level, upbeat audience network, for example, is used by brokerage firms for infomercials that explain the brokerage business.

However, she said, the majority of commercials seen on cable are the same ones used on the commercial networks. Ms. Hymen also said that 85% of the top 200 advertised brands are now advertised on cable excluding tobacco.

Returning to DDB's Mr. James and his optimistic view of cable's future, he does qualify it slightly by noting that cable will never reach 100% penetration like the commercial networks. Mainly, he said, because the very nature of cable programing is not mass audience oriented. But, he said, cable has and will continue to erode the share of commercial networks.

Norm Varney, senior vp, new electronic media for J. Walter Thompson, describes cable advertising as "upscale" but immediately watered down this evaluation with the now familiar refrain: "But, you never know how many you are reaching."

And, like many of his contemporaries, while he doesn't know what he is getting for his money, he's willing to spend more on it in 1983.

Declining to give an actual figure, Mr. Varney said JWT this year will have cable ad expenditures that will "probably be 50% to 100% higher than in 1982."

The one area in the cable tv advertising spectrum that offers good potential for healthy ad revenues, Mr. Varney said, is the cable sports pay networks that are proliferating across the country.

"Interestingly enough," he said, "the audience that watches pay sports networks doesn't seem to mind the commercial interruptions. Apparently they've been pre-conditioned by years of free advertiser-supported sports programing on the commercial networks and independent stations."

Steve Auerbach, vp and manager of network programing at Backer & Speilvogel and Hadassa Gerber, of McCann-Erickson, wouldn't even drop a hint about their respective cable advertising expenditures and costs, but both lean to the new medium, especially Ms. Gerber.

"Cable is a very good buy," she said. "It's not like three years ago when it was a shot in the dark. Also, the fact that several new networks have defaulted in recent months makes cable even more attractive. It's broadening our levels of reach."

A very accurate statement considering the fact that the five 24-hour-a-day satellite programing services that debued last year provided 120 hours a day of new programing for advertisers.

But it is the area of programing that needs shoring up as far as Mr. Auerbacch is concerned. Cable programing in his estimation is "poor" and the cable networks "need to spend more money on program improvements."

Money is the key factor to Mr. Au-

"Cable is a very good buy. It's not like three years ago when it was a shot in the dark. Also the fact that several new networks have defaulted in recent months makes cable even more attractive. — Hadassa Gerber, McCann-Erickson"

erbach in the overall survival of the cable networks. As a matter of fact, he says that there will only be about four or five cable networks operating in the future and they will have survived through strong financial backing, he stated.

Bob Jeremiah, director of advertising sales for ESPN, also believes money is the name of the game and he happily reported that since ESPN's inaugural year in September 1979, ad revenues have doubled each year since. Judging from the rise in ESPN's average unit prices cited by Mr. Jeremiah since 1979, the sports network is indeed doing very well.

The average unit price for 30-second prime spots in 1979 was $500, Mr. Jeremiah reported. Prime time 30-second spots today go for $3,500 and up. Up in this instance means ESPN's United States Football League games, which it covers "live" every Saturday and Monday nights during the season. If you want a 30-second spot during one of these contests, be prepared to shell out $10,800.

Apparently quite a few sponsors have been shelling out. Mr. Jeremiah said they have realized a good deal of success in selling the new football leagues games. He said Saturday night coverage has resulted in a 65% sell and Monday night does even better at a 75% sell.

Are advertisers getting their money's worth? Silly question, replies Mr. Jeremiah.

"Our demographics alone are incredible. We're reaching an age group comprised mainly of young, affluent adult males. Nielsen has given our coverage of USFL games a rating of about 4 to 4½, which is about 1.2 million households. Our demographics show there are at least 65 men (18-49) per 100 households watching. Compare this with the commercial networks who would love to get 55 men per 100 households for their games."

ESPN today has about 6,000 cable systems tuned in, including STV operators. The latest Nielsen count places subscriber at 24,990,000. Mr. Jeremiah said they expect to reach 30 million by the end of the year.

The future is definitely rose-tinted, according to Mr. Jeremiah. "Our Blue Chip advertisers include Anheuser-Busch, auto makers like GM and American Motors, IBM, Burroughs, Digital Electronics, Timex and many others. When we started back in 1979 we had 12 advertisers. Now we serve over 300," he said.

"Local cable systems' advertising revenues are growing, too, despite high inventories and bargain prices."

Local cable systems' advertising revenues are growing, too, despite high inventories and bargain prices. A random sampling of CAB Cable Systems Profiles reveals a steady, upward trend for ad revenues among systems regardless of the size of the franchise areas they serve. Based on the positive results of several hundred reporting systems, the $1.1 billion in ad revenues projected for 1993 appears within reason.

For example, American Television & Communications Corporation's Manhattan Cable TV serving 169,200 basic subscribers and 106,175 pay subscribers in New York City, had gross revenues in 1982 of $1,250,000 and expects to realize $1,500,000 in 1983.

At the other end of the spectrum, tiny Home Vue Cable TV serving 3,600 basic subscribers in Central Bucks County, Pa., had revenues of $65,000 in 1982 and projects this figure in 1983 to between $125,000 and $175,000.

In many local systems, ad sales were begun in the 1981-1982 period coinciding with the launching of new satellite network services and the solid establishment of those already on tap such as ESPN, MTV and CNN. Advertising on local origination channels is also growing in popularity on the alpha/numeric channels.

Local systems, according to Whitney Goit, vp of advertising sales for Warner Amex Cable Communications, are providing advertisers plenty of bargains beginning with spots running as low as $10, based on bulk sales and extended contracts. But, he was quick to add, Warner Amex doesn't believe in "fire sale" ad rates.

Not that Warner Amex doesn't negotiate rates, he said, "which we do particularly for sports channel programing under extended contract terms," but "we feel it is shortsighted to offer drastic dicounts. Instead, we design a package offering a schedule of 20 or 30 spots which will provide optimum coverage penetration. Our charges are generally in the area of $100 a spot for prime time.

Choosing three systems out of the 11 Warner Amex systems that now sell advertising — a major metro system, a sophisticated system in a small city and an average system in a small community — Mr. Goit traced the growing costs of advertising.

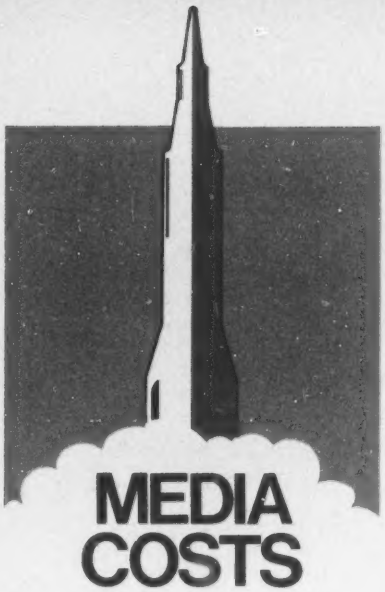
In Houston, where Warner Amex serves approximately 182,000 subscribers, the average rate for a 30-spot is $100. "This is a good buy," Mr. Goit said, "considering the high demographic profile — affluent households earning $45,000 and up and for the most part a college educated audience." This represents an increase over the $50/spot last year.

In Columbus, Ohio, where nearly 60,000 subscribers reside, the average rate ranges between $40 and $50 in popular dayparts. This compares with $25 to $30 last year. And, in Fort Walton Beach, Fla., which is a system of 35,000 subscribers, the average cost is $25/spot. In this case, he said, rates were unchanged from a year ago because subcribership also remained relatively unchanged.

In local origination programing, high school sports events draw a lot of advertiser attention, Mr. Goit noted. A vital high school football game between fiercely competitive schools can cost a local advertiser $500 for a 30-second spot. For the most part, though, local advertising is low-priced. The average for a 12-week series, 1/2 hour show, with four repeats, is $1,000 a week.

However, local rates have risen about 15% a year even where subscribers totals have remained stable. These rates rose to 25% to 40% for lively subscriber growth such as that in Warner Amex's Cincinnati system, where subscribers more than doubled to 100,000 in a year's time.

Joseph Dunn



What it will cost to go outdoors

Media costs are up almost across the board. But outdoor advertising contends the cost for a campaign, either primary or supplemental in their medium, may cost the advertiser more than it did last year, but the percentage of increase is less.

Outdoor advertising is a medium that many advertisers know of, but have not used to its fullest potential because they may not know exactly how to purchase it in the most economical and effective way. There is no Standard Rate and Data book on outdoor advertising but there is the *Buyer's Guide to Outdoor Advertising*. The guide is a compilation of the most current rate and market statistics for the approximately 8,000 United States standardized Poster and Rotary Printed Display markets. Comparable to Standard Rate & Data books on other media, it is exclusively designed to make outdoor advertising convenient and accessible to any buyer. It is the only source of outdoor rate and marketing information available to the public.

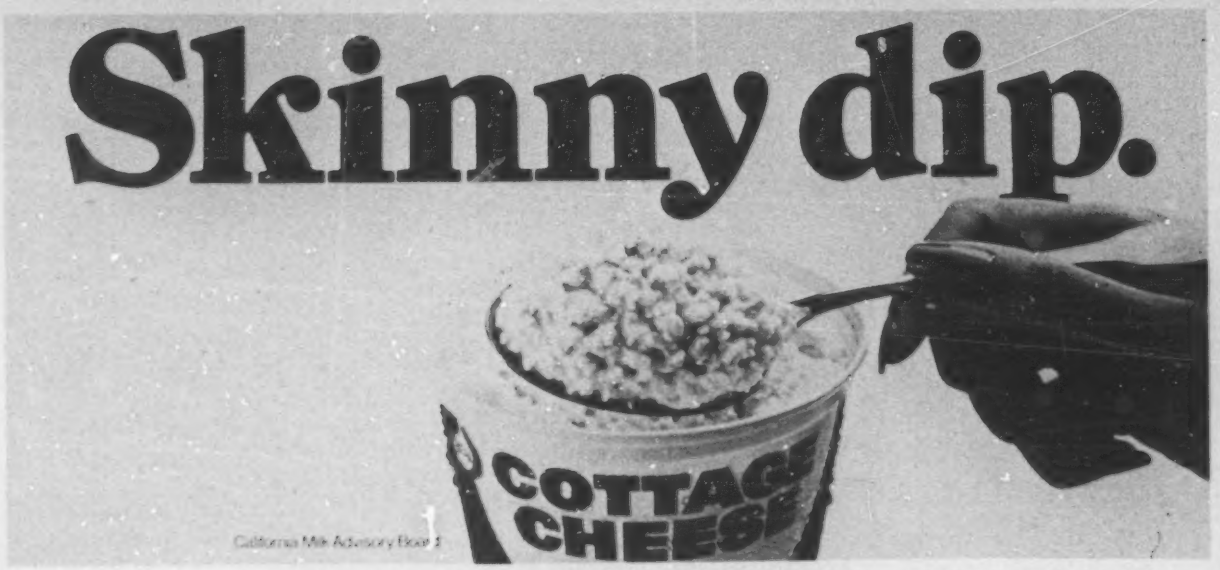
"Through the use of the *Buyer's Guide*," states publisher Frank Cawl, "purchasers are assured of the most comprehensive outdoor advertising information so that they can make informed decisions." The book is divided into four main sections: Areas of Dominant Influence, in which a 3-letter ADI code is shown with the complete name of the area; Discount Digest For Poster Advertising, which is a condensation of discounts appearing on the rate cards of individual outdoor advertising companies; Poster Advertising Information, which is a complete directory of outdoor advertising companies listed alphabetically by state (including population, manager's name, allotments, rates, etc.); and Rotary Painted Displays.

Poster Advertising Information is the largest section, which begins with a directory of Outdoor Advertising Companies. The second section is divided in 11 distinct parts: Plant Codes; Market Number; Market Name: ADI Code; County; Population; Effective Date (date when rate and other information becomes effective); Coverage Intensity; Posters; Cost Per Month; and Single Panel Rate, all of which are fully explained. The guide is published twice a year in Searsport, Maine in March and September. Subscriptions are available on an annual basis at $100.00 each. Updating bulletins can be ordered optionally.

According to Dick Itanaga, marketing services manager of Foster and Kleiser in New York, poster prices vary from market to market around the

Cost of a board

	Unilluminated	Illuminated
So. California	$280	$366
No. California	280	366
Chicago	250	374
Waco, Texas	134	200



Short copy and economical rates are the hallmarks of outdoor advertising. The poster above plays on the double meaning of "Skinny dip" to make its brief point. Chart below shows a month by month comparison of average outdoor rates, and a progression of cpm costs in outdoor since 1970.

country. The price setting is up to the outdoor advertising plant operators who determine prices depending on market conditions and supply and demand in the various cities. "Even within our own market," says Itanaga, "there are different prices per panel. This is due in part to circulation, and of course, market conditions."

The prices are established within the different markets throughout the country. "Overhead costs are different from market to market," explains Itanaga, "for example, the cost of 10 panels in Florida is different from the cost of 10 panels in Los Angeles, even assuming that the circulation is the same. The cost in Los Angeles is higher because the costs of paper, labor and the cost of leasing are greater in that market. In any market where the leasing cost is higher, the cost of the campaign will reflect it."

The price of painted bulletins is still another story. On a one year contract on bulletins, some large advertisers use paper rather than paint to keep costs down. The space cost on 14' x 48' bulletin contract will cost less if paper is used rather than paint.

There are enticements to using paint, however. If an existing design is

Poster Panel Costs

50 top Metro Markets

	1979	1980	1982	1983
January	$204.33	$223.93	$282.59	$305.82
February	204.33	223.93	283.01	305.82
March	204.33	223.93	283.01	305.82
April	204.33	224.19	283.01	305.82
May	204.33	224.35	283.01	312.67
June	204.33	226.82	283.01	312.67
July	204.91	227.47	284.15	
August	205.03	227.64	283.99	
September	213.42	235.15	294.58	
October	219.60	245.64	305.82	
November	219.60	245.64	305.82	
December	219.87	245.92	305.82	
12-Month Average	209.03	231.22	289.82	

Cost Per Thousand for Poster Panels

Year	Cents	Year	Cents
1970	$ .35	1977	$ .48
1971	.36	1978	.51
1972	.39	1979	.55
1973	.41	1980	.61
1974	.42	1981	.67
1975	.44	1982	.74
1976	.45	1983	.81

repainted, the outdoor advertising contractor will include two subsequent paints every 4 months in the cost. Also, the advertiser is permitted to put extensions on painted bulletins, on either side, top or bottom. This is done to add drama to the bulletin. There are certain limitations, however. The extention cannot go more than 5 1/2 feet above the bulletin; it cannot extend past 2 feet on either side; and it cannot go below 1 foot. On any one bulletin, the advertiser cannot add more than 200 square feet to the standard 672 square foot bulletin.

There is even a variation in costs of outdoor advertising depending on whether the advertiser wants to display an illuminated or an unilluminated bulletin.

In New York, all outdoor advertising is illuminated. But the following table will show the variation in cost in different markets depending on whether the bulletin is illuminated or non-illuminated:

Buying outdoor in Chicago

The prices in the chart (pg. 104) are based on the price per panel for a #10 showing, which is comprised of 5 non-illuminated panels and 27 illuminated panels (32 panels total). The price in Chicago, therefore, would be $11,348 per month for a campaign consisting of 32 panels. The standard posting period in all cases is 30 days. It should also be noted that the costs are based on buying a minimum #10 showing.

California Milk Advisory Board

Advertisers around the country are putting theory into practice to create outdoor advertising campaigns tailored to their economic and creative needs. One such advertiser is the California Milk Advisory Board. Melissa Sawyers of Foote, Cone & Belding/Honig, the agency for the CMAB, describes the strategy behind their purchasing of outdoor advertising: "We purchase outdoor advertising for the manufactured products, such as cottage cheese, yogurt, ice cream and real whipped cream. Outdoor advertising is the perfect medium for reaching many people. People in California spend so much time outdoors and in their cars. Outdoor is a constant reminder of the creative message."

To achieve the maximum results, the CMAB places boards strategically, depending on the product. They assess very carefully what income areas they want to reach with their outdoor campaign. Then they place their boards near supermarkets and dairies that carry the product featured on the particular bulletin. Outdoor advertising is a particularly adaptable and effective medium for the CMAB because it is a valuable merchandising tool, as it can be customized for each product. Because of this unique quality, the CMAB uses outdoor advertising in conjunction with tv and radio. Monies they allot to outdoor amount to roughly 50% of their total media budget.

CMAB wants to reach every city in California, and for yogurt, they target the $35,000+ per year customer. The agency contracts for outdoor on a yearly basis with outdoor services, a specialized buying firm. Outdoor services will design an outdoor advertising package based on these requirements of reaching the upscale customer. They usually purchase #50 showings for this client.

Sawyers finds that the cost of purchasing outdoor advertising is increasing at a slower rate than other media. "The costs of outdoor will probably go up during the Olympics," predicts Sawyers, "but vis-a-vis other media, we feel that outdoor advertising is the most cost effective."

American Dairy Association

Another advertiser making good use of outdoor advertising savvy is the American Dairy Association. Jane Holmes, vp, National Advertising out of their Chicago office, says that they purchase outdoor advertising to enhance their tv theme: "Milk — The Fresher Refresher."

They utilize three major boards to round out their media mix. One shows a glass of milk and a sailboat on a lake; the second shows a glass of milk and a prairie with flowers and grass; and the third shows rocks on a stream. "Outdoor advertising is creative and effective," Holmes notes. "It carries the message of milk as a refreshing drink to people traveling all over the country."

The American Dairy Association also has a second set of boards displaying the "Real" Seal. They purchased the boards to register the message to the buyer of the various products as

When a small budget has big responsibilities, look into Eights.

Eight-Sheet Outdoor delivers cost-efficient awareness. In a typical top-five market, for example, an advertising budget of only $50 per day will buy,

ONE 60-second spot on ONE radio station every TWELVE days.

ONE 30-second spot on ONE TV station.

ONE 2-column by 7 inch newspaper ad.

OR

SIXTEEN Eight-Sheet Outdoor billboards in FULL COLOR, ALL DAY, EVERY DAY!

(Source: Media Market Guide/Chicago)

A perfect complement to any media plan,

Eight-Sheet Outdoor, the reasonable medium.

For information about the markets you buy, write
ESOAA, P.O. Box 457, Independence, MO 64051
816/373-6305.
In NYC call 772-0713.

Eight-Sheet Outdoor

well as to the grocer. The outdoor campaign was launched to compete directly with imitation milk products. These boards register the message to the consumer: "Buy only real milk products." Ms. Holmes states that purchasing outdoor advertising is the best way to invest the media dollar. "Outdoor advertising communicates our message. Once the designs are up, the consumer sees it all month." These set of designs actually show the seal. "Only Real Dairy Foods Carry This Seal," is the bold copy line. Then either the milk, cheese or sour cream product is shown. Outdoor designs get consumers to look for the seal and also encourage grocers to display the seal on all of their real milk products.

How much does such a campaign cost the American Dairy Association? Ron Stee, manager of the ADA out of their South Dakota office, describes the budgeting of their outdoor advertising: "We advertise throughout South Dakota: Sioux Falls, Rapid City, Mitchell, Huron, Pierre, Brookings, Watertown and Aberdeen. Our displays normally run four to five months each year." Steve notes that they have experienced no cost increase over the past 2 years. For a month's showing, the cost of an outdoor advertising campaign is $7,700 for 39 poster locations, which is #50 showing. The cost of the paper for the boards varies from $12.50 to $17.50 per board. There are discounts on paper if the boards are purchased from the national office. There are also some breaks if they are bought in volume. Stee explains, "If I had to create a new board every time, the cost goes up substantially. But if I buy a board created by an agency, it pays."

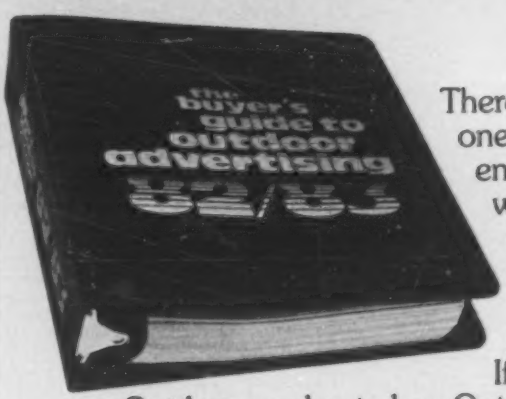
Ford Dealer Groups

Another knowledgeable purchaser of outdoor advertising is Barb Barcyzk, of J. Walter Thompson in Detroit. Barcyzk buys outdoor advertising for the Ford Dealer Group Associations. "Costs vary from market to market," states Barcyzk. The cost of 15 non-illuminated boards and 110 illuminated boards in Los Angeles, California with a #25 showing (which is the minimum) is $44,460 for a one month showing, according to her rate card. She points out, however, that because she buys in volume, she realizes certain discounts. For paint bulletins, the price per unit on a one month contract is $2,400. A yearly contract can also be obtained on paint bulletins. On yearly paint contracts, the units are purchased on a rotary basis and locations change every 60 days.

Barcyzk does a great deal of business with outdoor advertising companies. She has also been in the position of purchasing other media, and states unequivocally that outdoor advertising is much less expensive than any other medium. "Not only are tv spots more expensive," she notes, "but they reach a very general audience. With outdoor advertising, a localized target audience can be reached depending on the exact nature or purpose of the specific advertising campaign."

According to Barcyzk, the cost of outdoor went up at an average of 8-12% over the past five years.

OUTDOOR ADVERTISING? BUY THE BOOK.



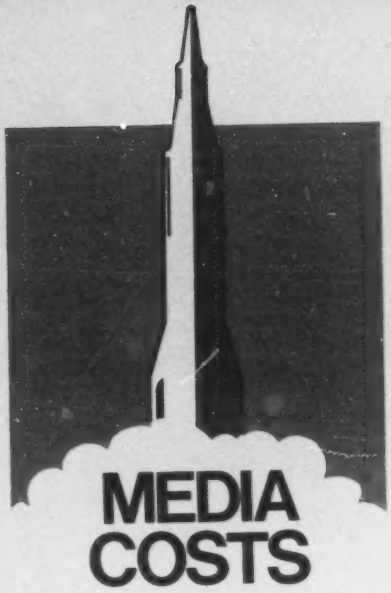
There's only one medium big enough to warrant its own buyer's guide—Outdoor Advertising. If you buy Outdoor or plan to buy Outdoor, there's only one book you'll need. *The Buyer's Guide to Outdoor Advertising.* An easy-to-use guide that organizes the information you need to know.

- **Over 500 pages covering 8,000 Outdoor service markets.**
- **The most current rate and market statistics.**
- **Complete information on buying posters and rotary paints.**
- **State by state, market by market plant listings.**

For more information call or write:
The Buyer's Guide to Outdoor Advertising
F.R. Cawl & Assoc., Inc.

P.O. Box 79
Searsport, Maine 04974
207-548-2543

928 Broadway, Room 601
New York, N.Y. 10010
212-228-1466



Costs right for radio?

Efficiency is the key word in contemplating time buying purchases on radio, the first of the electronic media, which record sales increases declare it's white, not red hot.

As advertisers become more disenchanted with the increasing prices of network television and declining audience shares, they are slowly beginning to dance to the beat of a different medium: network radio.

With record sales increases averaging 24% for the first months of this year and a projected 100% growth rate over last year's totals, network radio is glowing white hot.

Key to radio's heated up sales is that advertisers are finding it to be a highly efficient medium.

A recent study conducted by Ted Bates, tracking media trends from 1975-82, noted that while daytime network tv cpms swelled by 135%, and evening network by 151%, network radio's gains were a modest 66%.

Network radio is attracting a slew of new advertisers such as Burger King, Procter & Gamble, Vidal Sassoon and others. But it is also appealing to born again users.

Says Tom Lux, director of media buying for Gillette, "We're back into network radio after a ten year absence, due mainly to the high cost of network television. The money is coming out of our television budget."

Often compared with cable for its ability to target to selective audiences, agency sources claim that network radio is far superior in delivering effective national and market-by-market reach and frequency levels.

Says Ira Berger, director of national radio for Needham Harper & Steers, "Radio has the selectivity of cable with 99% of its coverage. It's also very low out-of-pocket compared to network tv."

To get the most mileage out of network radio, advertisers use it in a variety of different ways.

Burger King creates impact by running spots on network radio the one day they're not on television.

According to George Barry, vp and senior account manager at J. Walter Thompson, "This is the first time Burger King is using network radio in a big way. Our aim is to build impact and surprise as well as call attention to our television campaign."

Coined the "trip hammer effect" by agency sources, Burger King's radio schedule runs on ABC Contemporary, ABC-FM, ABC Information, NBC's The Source, Mutual and RKO 1 and 2.

State Farm Insurance creates impact with frequency. According to Ira Ber-

ger, "State Farm is heavily advertising on sports programing. They're associated with John Madden five days, 52 weeks a year. This consistent advertising association with a show is comparable to State Farm's owning it. This approach was used on network television years ago, but tv has gotten far too expensive for that today."

Because network radio is also applauded for its ability to reach the unreachable, namely young adult audiences, Lever Brothers advertises its Impulse body spray on ABC Contemporary and Entertainment, RKO 1 and 2 and NBC's The Source.

Says broadcast supervisor Bruce Heim, "We're on radio because it reaches the right target audience for this brand: females 12-24."

He continues, "We're more enthusiastic about network radio these days. We have confidence that our spots will run when they're supposed to because the nets have more control over their affiliates. They're also producing better quality programing and attaining the reach and frequency levels we're looking for."

To reach active males 25+, who are light television viewers, Poulan chainsaw advertises on Mutual during its NFL football double header, according to advertising manager Steve Moore. The company also targets to farmers during mid-day and evening news programing.

Says Moore, "We're on Mutual because of the programing and the size of the network. They also have increased coverage in C and D counties, which are important markets for us. "The company is considering purchasing time on the Satellite Music Network's country music format, but has made no firm commitments.

McDonald's is yet another dominant network radio advertiser. To lure commuters out of their cars for Egg McMuffins and other breakfast delights, the company advertises heavily during morning drive time.

Says Stan Nipcon, formerly assistant vp, media and marketing and presently store operations manager, "We know our radio advertising works. If we advertise hot cakes, we can tell by the number of people who buy them on a particular day how effective the campaign is."

IRA BERGER, director of national radio, Needham, Harper & Steers, Inc.; "Radio has the selectivity of cable with 99% of its coverage."

McDonald's buys time on both wired and unwired networks.

With the proliferation of networks over recent years, advertisers are confident that the right combination of buys will reach a broad percentage of their target audience.

The networks are also expanding in size as independent stations become network affiliates. In New York, for example, the top twelve stations are network affiliates and this trend seems to be emerging in other major markets as well.

Due to radio's efficiency, some advertisers purchase it even though it extends to areas outside of their markets.

A case in point is the US Navy which blankets the country with advertising on both wired and unwired networks then places heavier emphasis in its 90 recruiting districts with spot radio buys.

Says Charlie Trubia, sr vp, radio unit supervisor at Ted Bates, "Even though the Navy's radio campaign reaches areas outside of its recruiting districts, it's so highly efficient in district markets that it's worth it."

Yet another way of stretching advertising dollars on radio is by packaging tie-in campaigns around special events such as sports and entertainment programing. And as satellite technology continues to ease program distribution and coverage of live events, advertisers are extending their media campaigns through a variety of promotional activities.

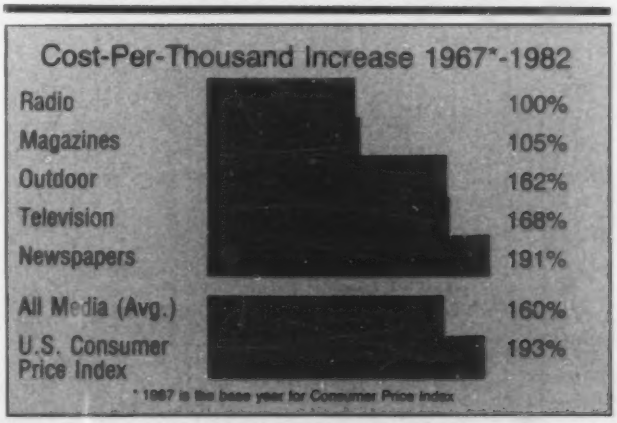
Says Trubia, "The key to getting the most mileage out of a radio campaign is imagination. When you really think about it there are unlimited tie-in possibilities."

Along these lines, agencies are also beginning to exert more influence on program production.

One agency source notes, "We might tell a producer that we're looking for a specific rock show with an English orientation to tie in with one of our product promotions. Although producers will not give up their creative control, if the suggested programing fits in with everyone's needs, there's a good chance they'll work with us."

In addition to increased reach and frequency, network radio's growing popularity of late is largely attributed

Of All Major Media, Radio's C-P-M Increased Least Since 1967



to its sales people who are aggressively selling their medium.

According to one industry observer, "The advertising community is much more aware of radio than in the past, due for the most part to the terrific job done by the network radio sales forces who get heavily involved in their client advertising campaigns and offer creative ways of using the medium."

And while buying time on network radio was once considered a broadcast sideline, the proliferation of networks, constantly changing formats and new satellite delivery systems have added complexity to this medium.

Notes Trubia, "Media buyers have to go beyond the rating points when selecting stations. In addition to a changing set of broadcast variables, knowledge of a particular station's surrounding terrain could also be instrumental."

Perhaps the biggest challenge for media buyers is keeping abreast of constantly changing radio formats, particularly among stations playing contemporary and rock music.

The driving force behind many of these changes is that stations are trying to target to the rich yet elusive baby boom demographic.

Of late, lighter dance-oriented music is slowly replacing the hits of the 60's and 70's and the old ABC-AM trend of playing the top 40 hits is also being revived on FM formats.

To reach younger music of your life (MOYL) listeners, stations are changing their formats to incorporate a mix of songs from the 50's to the 80's that have been mellowed down into subdued, "easy listening" tones.

Will network radio continue to gain momentum among advertisers, or is the present resurgence in sales merely a temporary trend?

If stations continue to transmit quality programing, targeted to hard to reach, yet desirable audiences, most industry sources remain optimistic about network radio's future.

Though once considered a fairly insignificant medium, a growing number of advertisers are becoming aware of its importance.

As Harry Moore, brand manager for Chattem Inc. puts it, "You certainly can't leave radio out of your schedule. Almost everyone is listening."

Madeleine Dreyfack

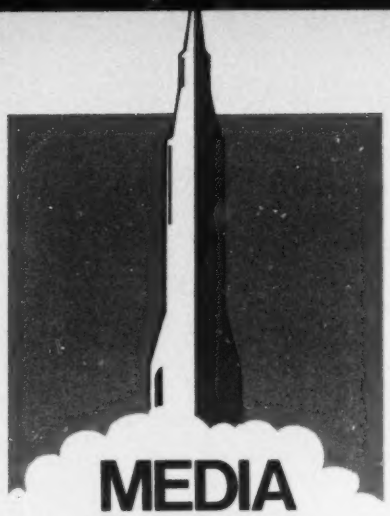
Examples of radio rates — for target audience adults 25-54; spots distributed equally in 3 dayparts 6 a.m.-7 p.m.; goal 300 gross rating points (grp's) in 4 weeks; 60 reach, 5 frequency

(Prepared by Blair Radio using the BRAIN Reach & Frequency Planning System, allowing 15% discount for negotiations*)

Market	No. of stations	No. of announcements	Net reach	Reach rating	Avg freq	Grps	CPM T S A impr	T S A gross impressions	:60 (adj) cost	C/P avg R P
New York	7	267	3,885,200	59.9	5.19	310.6	3.44	21,968,000	75,516	243.13
Los Angeles	9	318	2,431,800	60.2	5.28	317.9	4.58	14,541,700	66,660	209.69
Chicago	8	279	1,936,100	61.7	5.27	325.4	5.06	11,996,700	60,737	186.65
San Francisco	8	298	1,452,200	61.9	5.28	326.6	5.20	8,844,200	46,019	140.90
Philadelphia	5	178	1,130,500	61.9	5.15	319.1	5.47	6,867,400	37,549	117.67
Detroit	6	199	991,400	57.6	5.12	294.9	3.91	5,861,700	22,945	77.81
Boston	6	186	802,700	59.4	5.10	302.9	7.02	5,399,300	37,923	125.20
Houston-Galveston	6	175	895,200	60.5	5.22	316.1	7.21	4,979,400	35,885	113.52
Washington, D.C.	7	211	870,800	61.6	5.25	323.6	6.41	5,277,900	33,824	104.52
Dallas-Ft. Worth	6	170	837,500	62.6	5.26	329.5	5.74	5,454,500	31,334	95.10
Markets 1-10:			15,233,400	60.6	5.22	316.3	4.92	91,190,800	448,392	
Miami-Ft. Lauderdale	7	192	684,600	61.9	5.29	327.5	5.26	3,768,500	19,817	60.51
St. Louis	4	117	556,800	60.4	4.93	297.9	5.83	3,077,700	17,944	60.23
Pittsburgh	4	122	543,400	63.6	5.08	323.1	4.57	3,629,700	16,582	51.32
Baltimore	7	208	562,200	61.8	5.27	325.8	5.43	3,222,000	17,503	53.72
Seattle-Everett	7	234	559,600	60.5	5.28	319.7	6.36	3,601,800	22,911	71.66
Minneapolis	4	147	563,600	62.7	5.05	316.7	5.05	3,795,800	19,175	60.55
Atlanta	4	127	570,000	59.7	4.98	297.2	6.30	3,392,100	21,375	71.92
San Diego	6	197	478,600	60.1	5.18	311.4	5.63	2,479,800	13,952	44.80
Cleveland	5	161	454,000	62.1	5.24	325.5	5.90	4,115,300	24,286	74.61
Tampa-St. Petersburg	5	114	341,600	58.8	4.95	291.2	5.69	2,081,700	11,845	40.68
Markets 1-20:			20,547,800	60.8	5.20	315.8	5.10	124,355,200	633,782	
Denver-Boulder	6	181	452,500	59.6	5.15	307.1	6.59	2,844,500	18,740	61.02
Phoenix	5	171	380,000	58.5	5.09	297.8	6.56	2,152,900	14,119	47.41
Milwaukee-Racine	5	188	362,300	58.6	5.00	293.1	8.09	1,992,300	16,125	55.02
Providence-Worcester	4	127	333,400	62.0	5.17	320.6	5.61	1,814,000	10,178	31.75
Cincinnati	5	162	324,300	59.4	5.14	305.3	5.96	2,373,500	14,147	46.34
Kansas City	5	173	337,900	61.2	5.14	314.6	5.32	2,739,400	14,582	46.35
Portland, OR	4	136	316,700	57.7	5.00	288.5	7.42	1,953,400	14,485	50.21
* Riverside	14	545	240,600	48.5	4.93	239.3	11.76	1,228,200	14,448	60.38
Buffalo	4	139	286,400	62.5	5.07	317.0	7.39	1,748,200	12,927	40.78
New Orleans	4	123	299,900	59.0	5.10	300.9	3.54	2,151,300	7,614	25.30

Market	No. of stations	No. of announcements	Net reach	Reach rating	Avg freq	Grps	CPM T S A Impr	T S A gross impressions	:60 (adj) cost	C/P avg R P
Markets 1-30:			23,881,000	60.5	5.18	313.4	5.31	145,352,900	771,147	
Norfolk-Portsmouth	5	116	291,500	60.6	5.20	314.8	5.19	1,721,100	8,929	28.36
Sacramento	6	174	293,000	59.8	5.18	309.7	5.62	2,062,300	11,585	37.41
Indianapolis	4	102	281,700	59.2	4.89	289.5	5.60	1,694,600	9,493	32.79
Columbus, OH	4	125	266,500	58.5	5.01	293.0	6.63	1,682,700	11,158	38.08
San Antonio	5	151	271,300	63.2	5.26	332.4	5.53	1,760,500	9,733	29.28
Hartford-New Haven	3	97	240,300	62.1	4.98	309.2	8.79	1,713,300	15,053	48.68
Rochester, N.Y.	3	92	227,200	59.2	4.92	291.3	7.91	1,262,500	9,991	34.30
Memphis	5	144	219,200	59.7	5.08	303.2	7.32	1,619,000	11,846	39.07
Louisville	4	115	210,600	57.1	4.90	279.9	6.02	1,492,500	8,981	32.09
Salt Lake City	5	153	234,800	62.5	5.22	326.3	6.08	1,753,300	10,657	32.66
Markets 1-40:			26,417,900	60.4	5.17	312.6	5.42	162,114,700	878,573	
Nashville	5	149	221,800	60.5	5.15	311.7	7.03	1,764,200	12,410	39.81
Birmingham	4	129	213,600	62.5	5.12	319.8	6.54	1,456,100	9,529	29.80
Oklahoma City	6	181	221,700	62.6	5.23	327.5	6.49	1,667,300	10,824	33.05
Greensboro	4	102	208,600	59.0	4.98	293.8	4.16	1,395,700	5,807	19.77
Dayton	5	148	200,300	59.8	5.09	304.1	7.58	1,507,000	11,418	37.55
Albany-Schenectady	2	59	178,800	58.6	4.93	288.8	6.40	1,263,600	8,091	28.02
Honolulu	5	172	209,100	62.6	5.20	325.3	5.15	1,086,500	5,596	17.20
Toledo	5	141	192,500	63.4	5.25	332.8	5.17	1,171,200	6,055	18.19
Orlando	3	65	187,300	61.1	5.18	316.8	4.14	1,306,600	5,407	17.07
Jacksonville	4	108	186,800	60.5	5.06	306.0	6.42	1,153,900	7,405	24.20
Markets 1-50:			28,438,400	60.5	5.17	312.6	5.46	175,886,800	961,115	
Tulsa	4	101	181,100	60.6	5.01	303.6	4.44	1,319,000	5,862	19.31
West Palm Beach	6	148	131,100	60.5	5.07	307.0	8.53	710,800	6,063	19.75
Northeast PA	4	106	143,500	61.0	5.04	307.2	5.72	803,500	4,594	14.95
Allentown-Bethlehem	3	78	152,600	60.3	4.96	299.4	3.64	927,600	3,373	11.27
Richmond	3	84	180,300	64.8	5.06	328.0	4.28	1,136,400	4,860	14.82
Akron	7	390	124,500	48.5	4.75	230.4	20.22	846,900	17,128	74.34
Charlotte, GA	3	66	169,200	61.1	4.98	304.0	5.19	1,732,800	8,989	29.57
Syracuse	2	65	147,900	60.6	4.98	301.8	8.38	966,500	8,101	26.84
Grand Rapids	3	106	138,000	57.5	4.92	282.6	6.15	1,094,100	6,734	23.83
Springfield	3	70	138,500	64.5	4.95	319.1	6.74	713,000	4,808	15.07
Markets 1-60:			29,945,100	60.5	5.16	311.9	5.54	186,137,400	1,031,627	
Greenville	3	84	144,800	60.7	5.01	304.0	4.61	1,213,900	5,597	18.41
Tucson	4	114	138,000	61.1	5.13	313.7	5.71	736,200	4,205	13.40
Austin	4	128	142,600	59.5	4.98	296.2	8.41	779,600	6,559	22.14
Raleigh-Durham	3	95	138,000	58.3	4.96	289.2	5.98	1,691,500	10,117	34.98
Omaha	3	91	137,200	59.2	4.81	285.1	5.48	1,161,900	6,365	22.33
Fresno	5	182	125,400	59.3	5.13	304.0	4.36	1,390,600	6,061	19.94
Wilmington	7	224	115,900	54.8	4.93	270.0	8.74	647,000	5,656	20.95
Youngstown	4	118	122,400	60.2	5.00	300.7	5.05	887,000	4,479	14.90
Las Vegas	6	194	133,600	59.6	5.14	306.4	6.13	704,700	4,321	14.10
Baton Rouge	3	96	133,300	63.8	5.09	325.0	3.16	1,057,300	3,342	10.28
Markets 1-70:			31,276,300	60.4	5.15	311.3	5.54	196,407,100	1,088,329	
Flint	6	186	121,900	58.4	5.08	296.7	7.94	704,200	5,593	18.85
Knoxville	2	44	111,100	55.9	4.71	263.0	3.28	978,900	3,210	12.21
McAllen-Brownsville	4	125	119,200	64.4	5.16	332.0	4.87	666,600	3,246	9.76
Albuquerque	4	110	126,900	62.8	5.03	316.1	4.68	972,100	4,553	14.40
El Paso	4	122	118,200	60.8	5.15	313.1	6.38	674,000	4,303	13.74
Lansing	4	106	110,500	58.7	4.96	291.1	4.87	635,800	3,094	10.63
Harrisburg	3	82	106,900	58.6	5.00	293.3	9.09	590,300	5,366	18.30
New Haven	5	248	98,700	60.2	5.10	307.0	12.26	824,000	10,104	32.91
Johnson City	4	99	114,300	62.8	5.01	314.4	2.73	746,400	2,041	6.49
Mobile	2	57	97,100	55.8	4.54	253.3	5.51	569,000	3,137	12.38
Markets 1-80:			32,401,100	60.4	5.15	310.8	5.56	203,768,400	1,132,976	

* Additional data available from Blair Radio on request.



MEDIA COSTS

Big advertiser budget breaks

How types of advertisers of the Top 200 Advertised Brands chose to allocate their media dollars in national media. This report covers 24 categories of advertisers among the Top 200 Brand promoters. Data is shown in dollars for each category and in percentage of totals in each category allocated to the major media.

Just how do the top 200 brands split their media?

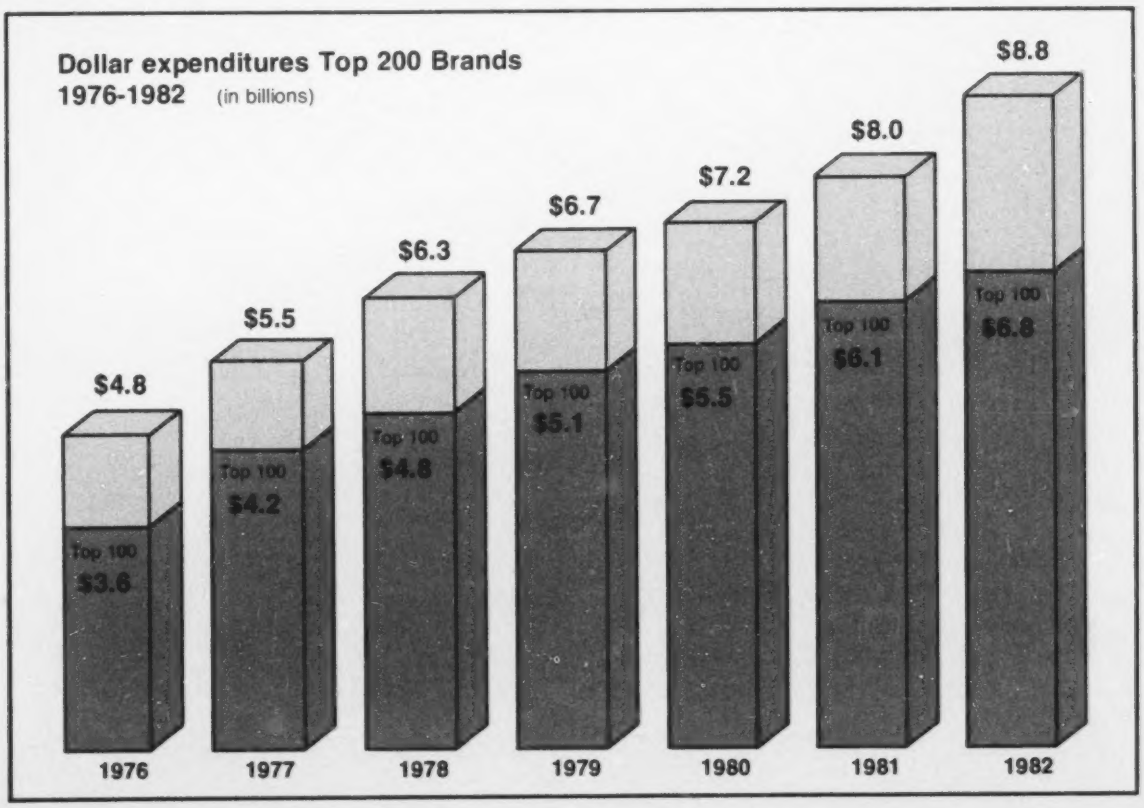
A *Decisions* study of the practices of the Top 200 Brands shows that there are many variations from one product category to another. Cigarettes, of course, are denied the use of electronic media. But while television is often the most favored medium in a media budget, in some categories print comes up surprisingly strong.

The two computer companies that are included in the 1982 Top 200 Brands listing put 23% of funds into magazines and another 16% in newspapers. Network and spot television were evenly divided at 27% each. Among appliance marketers, 21% of the budget went to magazines, 10% to newspapers, and 60% to network television.

Automotive advertisers were the exception in the use of Sunday supplements, investing 13% of available dollars in that medium.

Retail chains, naturally, invested heavily in newspapers, to the tune of 80% of the budget. Communications companies were also heavy users of newspapers, placing 26% of the budget in that form of print.

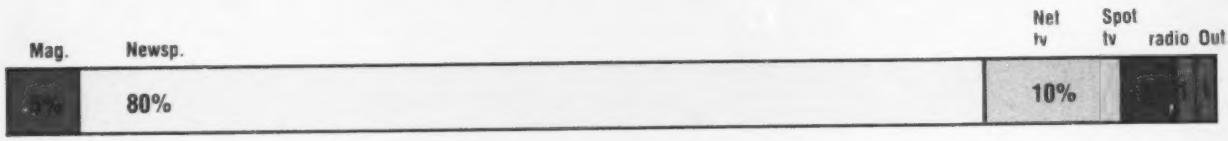
Sources from which the data were drawn include Leading National Advertisers (LNA), Broadcast Advertising Reports (BAR), Publishers Information Bureau (PIB), for network and spot tv, network radio, outdoor, Sunday supplements, and magazines; Media Records for national newspaper advertising, Radio Expenditure Reports (RER), and Radio Advertising Bureau (RAB) for spot radio.



Budgeting practice of selected Top 200 Brands (by category in thousands of dollars and percentages)

4 leading retail chains

	Magazines	Supps	Newspapers	Net tv	Spot tv	Net radio	Spot radio	Outdoor	Total
Dollars	$58,565	$505	$1,145,720	$143,798	$46,474	$14,036	$12,027	$73	$1,421,198
Percent	5%	*	80%	10%	3%	1%	1%	*	100%



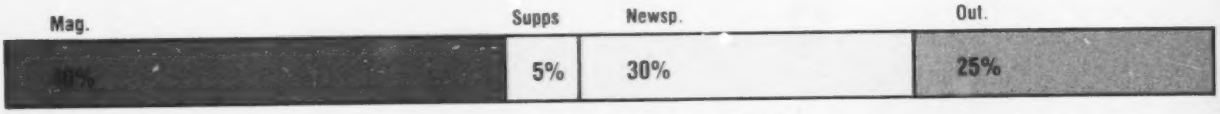
* less than 1%

10 automotives

	Magazines	Supps	Newspapers	Net tv	Spot tv	Net radio	Spot radio	Outdoor	Total
Dollars	$160,977	$1,200	$139,139	$351,032	$263,617	$8,643	$111,370	$15,517	$1,051,495
Percent	15%	1%	13%	33%	25%	1%	10%	2%	100%

7 cigarettes

	Magazines	Supps	Newspapers	Net tv	Spot tv	Net radio	Spot radio	Outdoor	Total
Dollars	$191,456	$35,725	$144,319	—	—	—	—	$115,363	$486,863
Percent	40%	5%	30%	—	—	—	—	25%	100%



5 beers

	Magazines	Supps	Newspapers	Net tv	Spot tv	Net radio	Spot radio	Outdoor	Total
Dollars	$9,192	—	$4,430	$182,986	$55,477	$6,299	$50,982	$4,456	$313,822
Percent	3%	—	2%	57%	17%	3%	16%	2%	100%

Budgeting practice of selected Top 200 Brands (by category in thousands of dollars and percentages)

5 medicines

	Magazines	Supps	Newspapers	Net tv	Spot tv	Net radio	Spot radio	Outdoor	Total
Dollars	$7,201	$371	$751	$143,369	$14,899	$1,432	$144	$8	$168,175
Percent	4%	*	1%	85%	9%	1%	*	*	100%

* less than 1%

3 cereals

	Magazines	Supps	Newspapers	Net tv	Spot tv	Net radio	Spot radio	Outdoor	Total
Dollars	$12,633	$539	$2,929	$112,050	$49,598	—	$822	$254	$178,825
Percent	2%	*	2%	63%	28%	*	*	*	100%

5 coffees

	Magazines	Supps	Newspapers	Net tv	Spot tv	Net radio	Spot radio	Outdoor	Total
Dollars	$3,283	$4,316	$3,053	$84,675	$18,250	$6,350	$3,019	—	$122,946
Percent	3%	4%	2%	69%	15%	5%	2%	*	100%

2 dog foods

	Magazines	Supps	Newspapers	Net tv	Spot tv	Net radio	Spot radio	Outdoor	Total
Dollars	$9,120	$1,246	$2,658	$86,082	$20,076	—	$225	$110	$119,517
Percent	8%	1%	2%	72%	17%	*	*	*	100%

Budgeting practice of selected Top 200 Brands (by category in thousands of dollars and percentages)

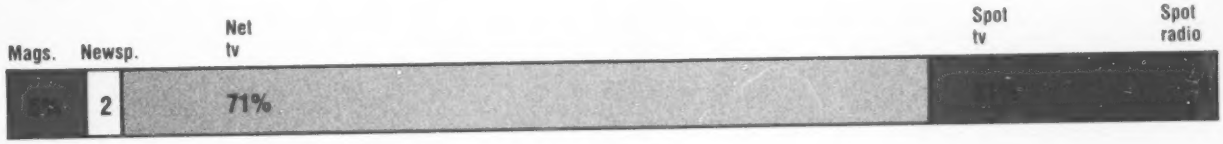
6 soft drinks

	Magazines	Supps	Newspapers	Net tv	Spot tv	Net radio	Spot radio	Outdoor	Total
Dollars	$5,157	—	$5,624	$82,887	$99,682	—	$21,948	$5,790	$221,088
Percent	3%	—	3%	39%	43%	*	10%	3%	100%

* less than 1%

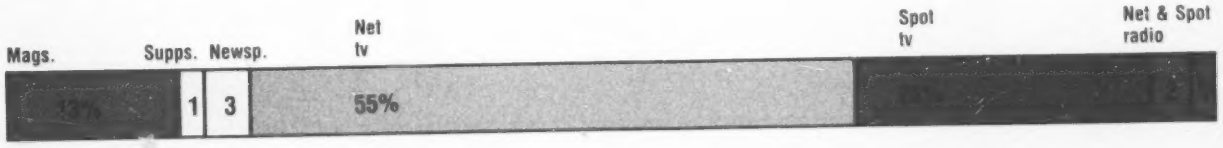
2 candy & gum

	Magazines	Supps	Newspapers	Net tv	Spot tv	Net radio	Spot radio	Outdoor	Total
Dollars	$3,804	$595	$1,447	$51,264	$14,823	—	$445	—	$72,378
Percent	5%	*	2%	71%	21%	*	1%	*	100%



13 miscellaneous foods

	Magazines	Supps	Newspapers	Net tv	Spot tv	Net radio	Spot radio	Outdoor	Total
Dollars	$59,833	$4,609	$14,844	$257,030	$115,142	$8,360	$3,844	$131	$463,793
Percent	13%	1%	3%	55%	25%	2%	1%	*	100%



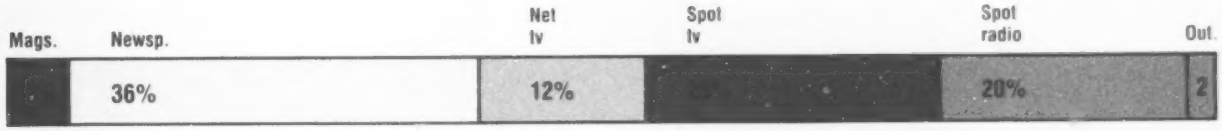
7 fast food marketers

	Magazines	Supps	Newspapers	Net tv	Spot tv	Net radio	Spot radio	Outdoor	Total
Dollars	$974	$931	NA	$122,376	$209,136	$1,724	$5,926	$5,681	$346,748
Percent	*	*	*	35%	60%	1%	2%	2%	100%

Budgeting practice of selected Top 200 Brands (by category in thousands of dollars and percentages)

5 airlines

	Magazines	Supps	Newspapers	Net tv	Spot tv	Net radio	Spot radio	Outdoor	Total
Dollars	$9,964	$649	$89,979	$31,285	$61,329	$185	$50,221	$4,621	$248,233
Percent	4%	*	36%	12%	25%	*	20%	2%	100%



* less than 1%

6 gas & oil advertisers

	Magazines	Supps	Newspapers	Net tv	Spot tv	Net radio	Spot radio	Outdoor	Total
Dollars	$15,882	$3,300	$12,399	$32,537	$28,095	$5,150	$8,208	$403	$105,974
Percent	15%	3%	12%	31%	27%	4%	8%	*	100%

3 toy & game advertisers

	Magazines	Supps	Newspapers	Net tv	Spot tv	Net radio	Spot radio	Outdoor	Total
Dollars	$20,288	$364	$15,986	$133,446	$83,815	$3,565	$13,769	$13,062	$284,295
Percent	8%	*	6*	48%	30%	2%	5%	1%	100%

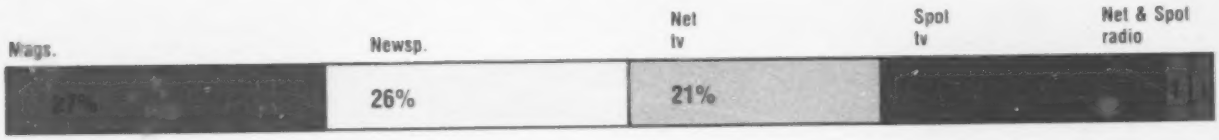
7 entertainment budgets

	Magazines	Supps	Newspapers	Net tv	Spot tv	Net radio	Spot radio	Outdoor	Total
Dollars	$8,732	$1,334	$2,862	$102,096	$65,744	$202	$9,460	$623	$191,053
Percent	5%	*	1%	54%	35%	*	5%	*	100%

Budgeting practice of selected Top 200 Brands (by category in thousands of dollars and percentages)

4 communications

	Magazines	Supps	Newspapers	Net tv	Spot tv	Net radio	Spot radio	Outdoor	Total
Dollars	$51,212	$540	$50,507	$40,160	$45,062	$12,221	$1,693	$73	$201,468
Percent	27%	*	26%	21%	24%	1%	1%	*	100%



* less than 1%

5 soaps & cleansers

	Magazines	Supps	Newspapers	Net tv	Spot tv	Net radio	Spot radio	Outdoor	Total
Dollars	$3,157	—	$59	$67,450	$23,881	$707	$42	—	$95,296
Percent	3%	*	*	71%	25%	1%	*	*	100%

3 toothpastes

	Magazines	Supps	Newspapers	Net tv	Spot tv	Net radio	Spot radio	Outdoor	Total
Dollars	$4,298	$26	$47	$62,668	$7,498	$10,620	—	—	$85,157
Percent	5%	*	*	75%	8%	12%	*	*	100%

4 cameras

	Magazines	Supps	Newspapers	Net tv	Spot tv	Net radio	Spot radio	Outdoor	Total
Dollars	$37,052	$715	$6,454	$91,452	$15,689	$3,713	$2,400	$696	$158,171
Percent	23%	*	4%	58%	10%	2%	2%	1%	100%

Budgeting practice of selected Top 200 Brands (by category in thousands of dollars and percentages)

2 insurance companies

	Magazines	Supps	Newspapers	Net tv	Spot tv	Net radio	Spot radio	Outdoor	Total
Dollars	$3,950	—	$434	$25,645	$4,211	$2	$2,401	$4	$36,647
Percent	11%	*	1%	70%	12%	*	6%	*	100%

3 apparel advertisers

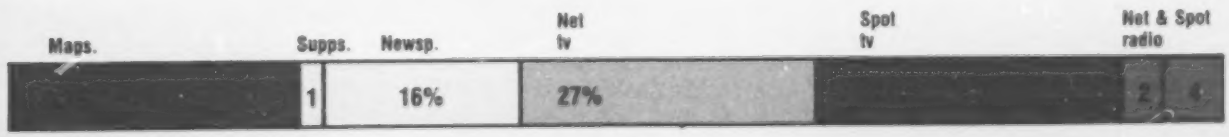
	Magazines	Supps	Newspapers	Net tv	Spot tv	Net radio	Spot radio	Outdoor	Total
Dollars	$4,065	$23	$224	$32,652	$907	$537	$1,209	$31	$39,648
Percent	11%	*	*	83%	2%	1%	3%	*	100%

5 appliances

	Magazines	Supps	Newspapers	Net tv	Spot tv	Net radio	Spot radio	Outdoor	Total
Dollars	$16,081	$400	$7,765	$46,495	$6,411	$177	$399	$130	$77,858
Percent	21%	1%	10%	60%	8%	*	*	*	100%

2 computer corporations

	Magazines	Supps	Newspapers	Net tv	Spot tv	Net radio	Spot radio	Outdoor	Total
Dollars	$14,727	$740	$10,488	$17,633	$17,144	$1,590	$2,774	$73	$65,169
Percent	23%	1%	16%	27%	27%	2%	4%	*	100%



Ad budgets are a matter of timing

Decisions survey among top 200 advertised brands shows that the budgeting process continues year round. The budgets run a six-pronged gauntlet over a four to eight month period. Agency and advertiser media specialists are involved from start to finish.

Budgeting, like bottom line, is a pervasive advertising concern that never abates, either with the advertiser or with the agency. It is an activity that continues throughout the year.

Survey results prove it.

Decisions asked the key marketing/media people in top 200 Brand companies to expound on the timing of major budgeting procedures in each month of the year. The results have been charted on this and on following pages.

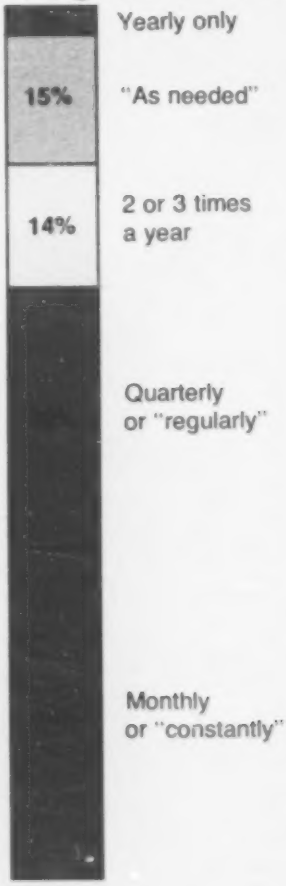
The conclusions:

- **Budgeting is constant.** At least seven percent of all brand marketing teams initiate budgeting activity, or make crucial decisions in each of the 12 months.
- Start-up time for budgeting is during the summer months, June, July or August.
- More than 12 percent of major media decisions are made in the span of months from May to November.
- Calendar year budgeting is preferred by more than half of the big brands (56%), but 44% are budgeted on a fiscal year basis.
- **The budget undergoes constant review,** as much as quarterly or even more often if it does not become cumbersome, by two thirds of the big brand advertisers. A miniscule amount, less than 3 percent, claim that they do not review the budget during the year.
- **One-quarter of the year** is needed to move the budget by an overwhelming percentage (89%) of the brand groups — The course begins at start-up and concludes with a blue-ribbon presentation to top management. In many cases the campaign trails the budgeting by an average of six months. There is a small portion of time allowed for alterations, but most of the incremental times goes into execution — creative and media negotiation ordering.
- Agency involvement begins at startup in at least 60 percent of the advertiser budget considerations. Most of the incremental time goes into execution.
- Media recommendations come a month after the budget is formulated in more than half the companies, more than 90 percent by the end of the third month.
- The media plan is usually presented to marketing management in the first month in 19 percent of the cases, in the second month to a like percentage, in the third month in 39 percent and in the fourth month to 20 percent.
- **Marketing Management** is aware of the total budget at the same time it gets a media breakdown in 66 and 2/3 percent. In about 25 percent of the companies the total dollar amount is set before the budget and media plan are presented to marketing management in detail. Seven percent of the time, the total dollars are established later.

Budget for fiscal vs. calendar year

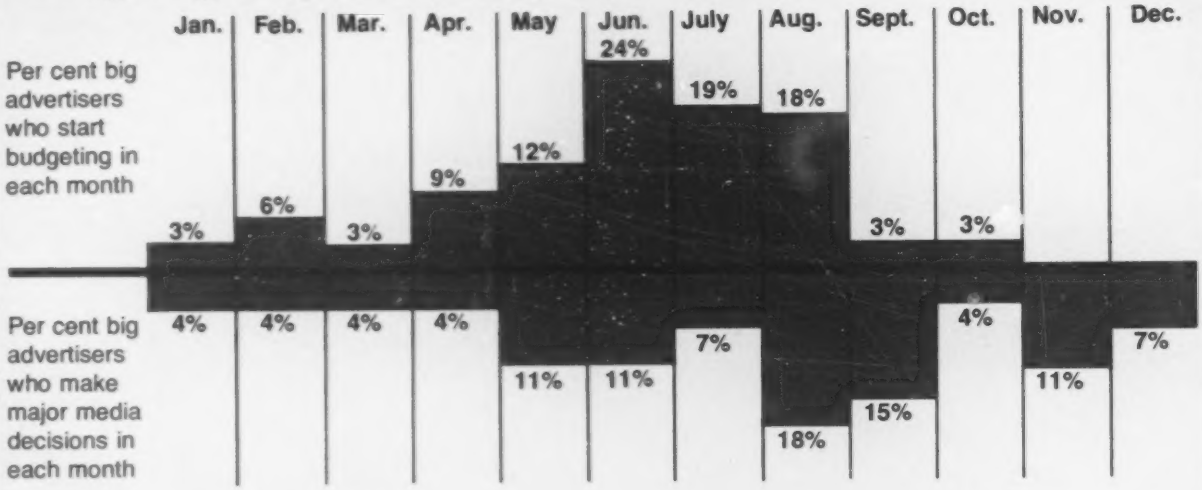
Source: Decisions survey among Top 200 Advertised Brands

How often are budgets reviewed



Source: Decisions survey among Top 200 Advertised Brands

Budgeting calendar: activity is year-round



Source: Decisions survey among Top 200 Advertised Brands.

• **Top management receives** the budget at the same time as the marketing chiefs in 23 percent of the companies. In 60 percent of the cases, top management gets its presentation of the budget from 30 to 90 days after marketing management.

In most cases, budget planning is not a quick process. The spenders know what is at stake, and spend the bulk of each year working on it.

Because different advertisers work on budgeting activity at different times, the activity continues year round. The summer, however, when other activities are traditionally slow, is a time most of the top 200 fine tune their budgets. There are few fall startups.

The dollars available for media, however, in more than one-quarter of the companies, are set before the media budget recommendations are presented for approval to marketing management.

When key budgeting activities are phased-in

(cumulative per cent of cases from start-up)

	Agency gets into picture	Media specialist involved	Media recommend-ations	Media plan to marketing management	Total budget to marketing management	Total budget to top management
At start-up		58%				
First month			21%	19%	27%	3%
Second month			50%	38%	57%	35%
Third month						58%
Fourth month						
Fifth month						
Sixth month						
Seventh month						

(color boxes indicate 60% or more)

Source: Decisions survey among Top 200 Advertised Brands

MEDIA COSTS

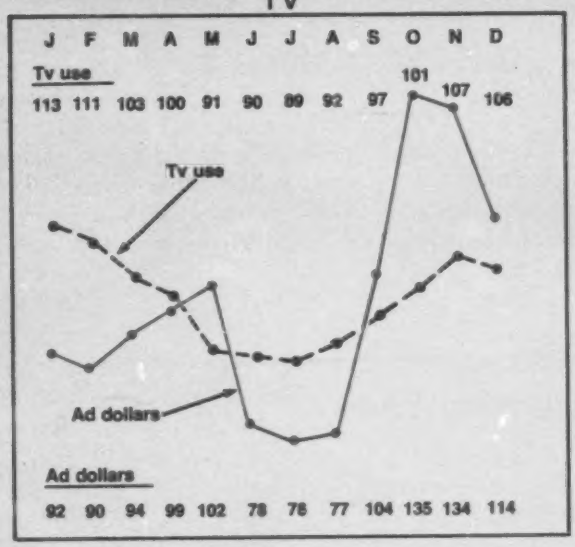
Variation for all seasons: ad dollars vs. audience values.

The criss cross patterns in the charts below illustrate the audience values and the amount of expenditures.

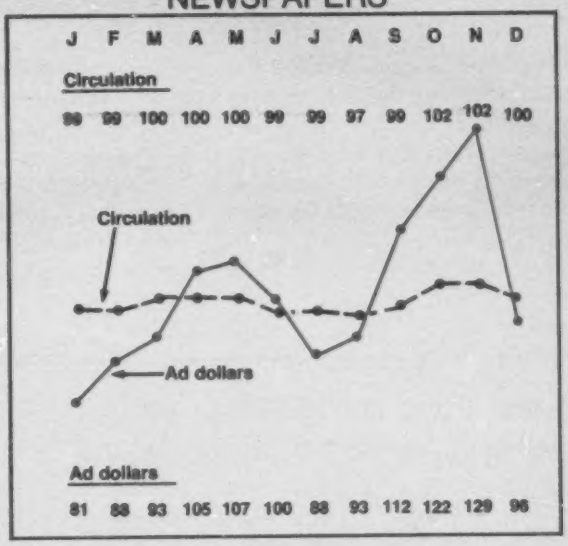
The seasonal opportunities are graphically apparent. Where listening, viewing, reading is higher than ad dollars, advertisers are getting more value in absence of clutter and competition for attention, but they aren't buying.

In some cases it makes sense for the advertisers to match, not mix their buying seasons. Much of the variation in these charts, however, is based on false assumptions. The indexes are equated to tv use per home per day, radio average quarter hour listening by persons, 12 or over, magazine reading (TGI 1973-74) daily newspaper circulation.

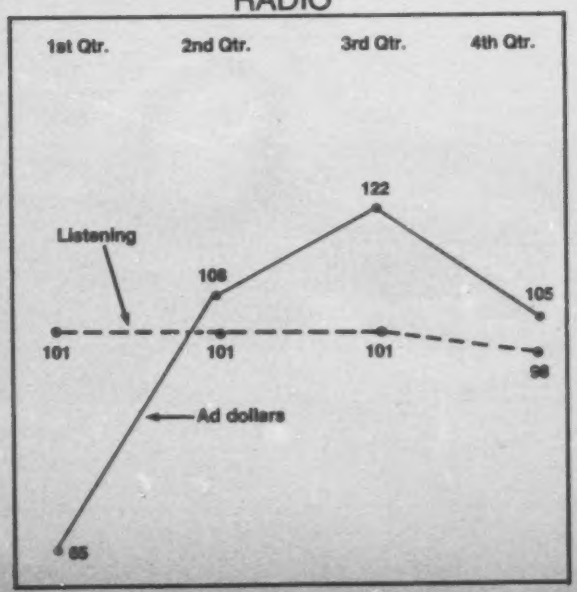
TV



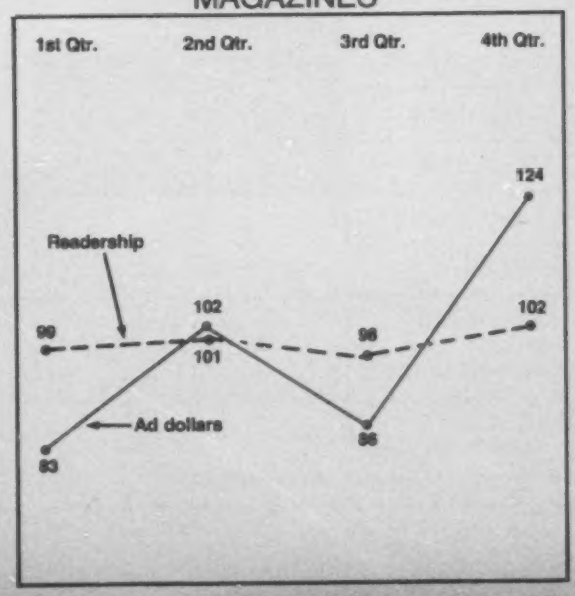
NEWSPAPERS



RADIO



MAGAZINES



NOTE

ONLY THE FOLLOWING PAGES OF THIS

PUBLICATION HAVE BEEN FILMED

Cover 1, p.2, 28, 42, 64-65, 144,

146, 148, 150, 152, 155-156, 158,

162, 164, 166, 168, 170, 172,

179-180, 182, 184, 186, 188, 194,

196.